U.S. Seeks

Arms Snag

Shultz Will Meet

For Treaty Talks

By Thomas Netter

GENEVA — George P. Shultz, the U.S. secretary of state, and Eduard A. Shevardnadze, the Sovi-

et foreign minister, have agreed to meet in Washington in mid-July in an effort to resolve differences over

a treaty on medium-range nuclear missiles, a senior Reagan adminis-

The official, Edward L. Rowny,

who is a special adviser on arms control to President Ronald Rea-

gan and Mr. Shultz, said the dele-

gations would include senior arms

negotiators from the Geneva talks

on medium-, long-range and space

"It is in Washington and they're working out the dates," Mr. Rowny

said during a visit to Geneva to meet with U.S. and Soviet arms

negotiators. He said a date for the

meeting had yet to be determined.

they are anxious to conclude such a

treaty, they remain at odds over verification, the timing of missile

removal, how many shorter- and

medium-range missiles they can keep, and 72 West German Per-

shing-IA missiles whose nuclear

The treaty now under discussion

would eliminate U.S. cruise and

Pershing-2 missiles and Soviet SS-20 missiles in Europe, while allow-ing each side to keep 100 medium-

range missile warheads on their

respective territory. Last week, the

United States proposed additional language for eliminating about 140 Soviet shorter-range missiles. The

Inited States has no such missiles Mr. Rowny suggested, however,

that the lack of a concrete Soviet response to the U.S. proposals so

far should not be seen as a rejection, but rather an absence of guid-

"I think they have to get some exisions from Moscow to get them

"But the Soviets' attitude seems

moving," Mr. Rowny said. "They

have to be told, for example, if

ance from Moscow.

warheads are under U.S. control.

He said the meeting would provide an important forum for Wash-

tration official said Tuesday.

Shevardnadze

To Settle

PARIS, WEDNESDAY, JUNE 24, 1987

Opposition Leader To Meet With Chun On Halting Violence

By Lena Sun

Washington Post Service SEOUL - President Chun Doo Hwan and a prominent opposition leader have agreed to meet Wednesday for the first time in an effort to end nearly two weeks of street violence in South Korea, offi-

> Mr. Chun and Kim Young Sam agreed Tuesday to meet after Mr. Kim was reported to have dropped two conditions to holding the talks. One was that another opposition leader, Kim Dae Jung, be released from house arrest. The other was that the more than 200 protesters detained over the past two weeks

Kiosk

Soviet Vaulter Sets Record

PRAGUE (Reuters) - Sergei Bubka on Tuesday night set the seventh pole vault world record of his career, soaring over the bar at 6.03 meters (19 feet, 914 inches.)

Mr. Bubka, the world and European champion and the only person to clear 6 meters broke his own record of 6.01 meters, which he set in Moscow in July.

The record was set at the Roticky Memorial Grand Prix, which was interrupted by tor-



A scene from "Hard Dickens: London theater reviews, Page 7.

GENERAL NEWS

A French court refused to try an embezziement case against Jean-Claude Duvalier. Page 2. Jews from the United States and elsewhere arrived in Rome to protest Kurt Waldheim's visit to the Vatican.

BUSINESS/FINANCE ■ U.S. prices rose 0.3 percent in May: durables orders dipped 0.1 percent.

Dow close: DOWN 5.78 The dollar in New York: DM £ Yea FF 1,8345 1,603 146.05 6.1225

A Tiberra.

172 42

In return, government officials agreed to allow Kim Young Sam to consult with Kim Dae Jung. Mr. Chun declared an end to

and Kim Young Sam, president of the main opposition party, the Reunification Democratic Party, comes at a time when Mr. Chun is beset by the worst political crisis in his seven-vear-rule.

Gaston J. Sigur Jr., assistant sec-retary of state for East Asian and Pacific affairs, arrived Monday in Scoul and met with Foreign Minister Choi Kwang Soo and Cardinal Kim Sou Hwan, leader of the country's two million Catholics.

Kim Young Sam, in preparing for the meeting with Mr. Chun on Wednesday, said he would seek a retraction of Mr. Chun's April 13 decision suspending talks with the opposition on reforming the constination. He said he would demand a national referendum on how the next national leader should be

The opposition has said the current system, in which the president is chosen by an electoral college, is open to manipulation by the ruling To Rest of World party. It wants direct election of the president while the ruling party is Is Double '85 Total proposing a parliamentary system seaded by a prime minister.

When the government guarantees that we can have a democratic overnment," Mr. Kims said, "then there won't be any demonstrations

sure 10 introduce democratic reforms. Still, on Tuesday, he proected a business-as-usual image, leaving town for the day for the official opening of a pair of nuclear See ROREA, Page 6-

By Ferdinand Protzman

FRANKFURT -- Volkswagen

to 15,000 Toyota pickup trucks a

Analysts said the accord, the

third such venture between Japa-

nese and European automakers in

Europe, appeared to leave the door

open for a later agreement on car

"Initially, the VW-Toyota agree-

ment may involve only an exchange

of technology or know-how on trucks," said an industry analyst

for Westdeutsche Landesbank AG

in Düsseldorf. "But the Japanese

realize that they must eventually

their market share and access."

produce autos in Europe to protect

Japan sold more than one mil-

lion cars in EC nations in 1986, and

year at a VW plant in Hannover.

debate on political reform in April and had refused to talk with his opponents. He announced a change of mind Monday and offerred to meet at the presidential residence with Kim Young Sam and others. The meeting between Mr. Chun

The talks between Mr. Chun and Mr. Kim are one of a series of highlevel meetings among government, opposition and U.S. officials that are expected to take place Wednesday and Thursday.

Mr. Chun is under extreme pres-

ing the nation deeper into its posi-

government reported Tuesday.

VW, Toyota Agree on Truck Venture

In Germany to Counter Trade Pressure

AG and Toyota Motor Corp., the auto marketplace, however, Japa- auto production agreement with

higgest automakers in Europe and nese automakers have begun turn-higgest automakers in Europe and nese automakers have begun turn-ing to joint ventures as a way of been a great success. Since its in-circumventiag the possibility of ception in 1984, sales of VW's San-asyred to join forces to produce up

The VW accord, for example,

effectively gives Toyota an oppor-

tunity to boost its sales in Europe

by 15,000 units a year without ron-

ning afoul of import restrictions.

Honda Motor Co. and Nissan Mo-

tor Co. have similar joint-venture

"It's an effort to get a local pro-

production operations in Britain.

duction base with a minimum of

risk," Ben Moyer, a Merrill Lynch

The accord, which calls for VW

truck under license, had been ex-

pected. Talks between the two

way for several months and Carl H.

analyst, told Reuters.

TANKERS COLLIDE — Six persons were missing after two fuel tankers collided Tuesday on the Seine in northwestern France. Page 2.

Widened Lead in '86 as No. 1 Debtor that the United States was carrying Dollar Ends Lower at the end of 1985. That year marked the first time As Split Emerges since 1914 that America was classi-

fied as a debtor nation. Debtor status means that foreigners now own more in U.S. investments than Americans own in foreign invest-

WASHINGTON - The debt Analysis had expected the figure owed by the United States to the to be around \$200 billion. At \$263.6 billion, the U.S. debt exrest of the world more than doubled in 1986 to \$263.6 billion, sinkceeded that of the next three biggest debtor nations combined, Bration as the world's No. I debtor, the Mexico and Argentina. For 1986, foreign investment in

pan with Nissan, have fallen far

A VW spokesman said Toyota will initially supply motors, drive

trains, axies and brakes for the one-

ton trucks, accounting for more

than 50 percent of the parts and

satisfying the European Communi-

ty's local-content requirement. The

percentage of VW-produced parts

will be evaluated as the project de-

velops and may be raised, he add-

The companies said they hope to

with a target of 8,000 trucks in the

first year. Production after 1990

Both VW and Toyota will mar-

taken hostage in Lebanon would be

From Mr. Ghorbanifar's point

of view, the Iranians were cheated

by the American side, which re-

peatedly overcharged Iran for

weapons and failed to deliver on

Mr. Ghorbanifar provided

s turned over to the congressio-

copies of financial documents he

nal committees in support of his

short of expectations.

The Commerce Department said the United States shot up 26 percent to \$1.331 trillion. That offset a that the new debt burden was 135 13 percent increase in U.S. investpercent higher than a revised \$111.9 billion in debt to foreigners See DEBT, Page 13

sales to be about 20 percent higher. chairman, indicated last week that

formal trade curbs on their exports. tana model, jointly produced in Ja-

to produce Toyota's Hi-Lux pickup begin production in early 1989,

automotive giants had been under could rise to 15,000 trucks a year.

released

In the face of growing hostility to a pact would be signed soon.

On Its Direction

By Ferdinand Protzman

The dollar shed strong early gains Tuesday to finish mostly low- \$1.6030 from \$1,5875. er in Europe and New York, recy's slump has finally ended.

The dollar's rally in Europe crumbled in late dealings on rumors that the U.S. Federal Reserve was selling dollars just below the

levels of 1.85 Deutsche marks and 147 yen. News that the U.S. foreign debt

more than doubled in 1986 to \$263.6 billion further depressed the currency. In New York, it ended at 1.8345 DM, down from 1.8470 DM at Monday's close, and at 146.05 ven, down from 146.20.

li also weakened against British pound, which rose to

While some exchange dealers beflecting newly split opinion in the lieve that the U.S. currency has market on whether the U.S. curren"bottomed out," and is beginning a "bottomed out," and is beginning a gradual upward trend, the majority of them remain bearish.

But the division of opinion is in itself a substantial change, dealers See DOLLAR, Page 13

Ultimatum on Kidnapping

to secure the release of a kidnapped a Lebanese businessman, Ali Os-

Brigadier Ghazi Kanaan, the

Glass were seized by gunmen last Wednesday as they were driving in one of the predominantly Moslem Moscow wants to go to zero on Shiite southern suburbs of Beirut. Moscow wants to go to zero on medium-range missiles in Europe. The fundamentalist faction,

Last February, Brigadier Kan-aan supervised the deployment of 7,000 Syrian soldiers in Moslem

missing American and his Leba-He visited the southern suburbs Tuesday and met with Sheikh Mo-

sounding out Shiite leaders on the possibility of sending Syrian troops into the suburbs, a hotbed for Shi- U.S. Denies Talks Are Set ite extremists, with a population of about 700,000. The possible Syrian deployment

and Nabih Berri, the minister of justice who leads the largest Shiite militia, Amal. The daily newspaper, Al-Ha-kika, known to reflect Mr. Berri's thinking, said in its lead story Tues-

ington and Moscow to discuss a treaty eliminating medium-range Syrian Denies

By Ihsan A. Hijazi

BEIRUT - A high-ranking Syrian officer said Tuesday that force will not be used for the time being U.S. journalist, Charles Glass, and seiran, who was his host.

is linked to Iran, has denied that it

nese companions.

day that the latest kidnappings and factional clashes have underlined the need for Syrian military contin-

"I think there will be a good size effort at Shultz-Shevardnadze to resolve the remaining questions," Mr. Rowny said, "If they are not, or only practically resolved, then you can't expect these people here to work on that complicated treaty and get it done by autumn." Although both sides have said

chief of military intelligence for 30,000 Syrian troops in Lebanon, denied reports in the Beirut press that the Syrian command had fixed Tuesday noon as deadline for the hidnappers to release the hostages. According to the reports, the Syrians had threatened to resort to force if the ultimatum went un-

Mr. Osseiran is the oldest son of the Lebanese defense minister. Adel Osseiran, who denied a story in the leading daily newspaper, An-Nahar, on Tuesday that he would resign if his son were not set free by midday Tuesday.

Hezbollah, or Party of God, which is holding the captives.

West Beirut and routed militiamen who had engaged in bitter street He returned to Beirut two days

ago with instructions from President Hafez al-Assad to find the

spiritual head of Lebanon's onemillion Shiite Moslems. Sources close to the Syrian com-

was discussed Monday night at a meeting between Brigadier Kanaan

gents in the southern suburbs.

to be that these things could be worked out," he added. "They haven't said they would give in, but they acknowledge for example that verification would be much easier if those missiles are removed, and that is a step forward." Mr. Rowny also appeared to play down Soviet resistance to the

U.S. proposal for eliminating shorter-range missiles. U.S. offi-cials said that although the public Soviet position remains eliminating such missiles from Europe, while keeping at least 40 launchers in hammed Mahdi Chamseddin, the Asia subject to further negotiations, the Kremlin acknowledges that Mikhail S. Gorbachev, the Soviet leader, proposed their eliminamand said Brigadier Kansan is sounding out Shiite leaders on the Shultz in Moscow in April.

> In Washington, however, the State Department took issue with Mr. Rowny's statement, Reuters reported.

> "We've stated often about this question of a ministerial meeting. that it's a possibility but nothing has been scheduled," said Phyllis Oakley, a State Department spokeswoman.

> "I'm saying that a meeting has not yet been scheduled," she said. The possibility certainly exists. Obviously we're considering it."

Hearings Focus on Iranian Go-Between weapons for a promise, never com-pletely fulfilled, that Americans

auto industry experts expect 1987 Hahn, VW's managing board

By Stephen Engelberg

Yew York Times Service

PARIS — The second phase of

the congressional Iran-contra hearings, focusing on the arms sales to lian, opened Tuesday, with one juestion certain to be at the center of dehate. That question is: why did the

United States gamble its prestige on Manucher Ghorbanifar, the expatriate Iranian businessman who heiped orchestrate the secret deals, even though many in the government viewed him as unreliable and Alluding to the Reagan adminis-

mation's penchant for relying on him as an intermediary, Mr. Ghorbanufar said recently: "If they think I cheated them, why did they keep coming back to me?" In this new phase of the hearings, the committees plan to examine the administration's and the president's obsession with the American

hostages in Lebanon, which was so intense that it led many officials to overlook Mr. Ghorbagifar's quesnonable reputation.
"For the American side," Mr. Gherhanifar said. "the hostages were even more important than better relations with Iran. They

were pushing for the hostages in every single meeting in every single A series of some resitions in Paris an opening in Tehran in the first the Iran dealings that describes contact with fran." with this engenitic man leaves sev-He comes across as an inveterate verified. But the account of five cials were fured into exchanging crai impressions.



'If they think I cheated them, why did they keep coming back to me?" - Manucher Ghorbanifar

sometimes offers riddles in piace of the factional struggles inside Iran Not everything he says can be which gullible White House offi-cials were fured into exchanging

deal-maker with seemingly bound- separate conversations with him less enthusiasm for complex plots that follows largely includes mate-pronged approach when dealing rial about the Iran arms affair that with the radical Shiite Moslem direct explanations for what he has ther by others involved or by U.S. done; he will not talk at all about government documents. that led the administration to seek far challenged an American view of them as a clever confidence game in

could be confirmed elsewhere, ei-In the interviews, Mr. Ghorhani-

assertion that he made no money from the weapons shipments. He also made these points: • The arms sales by America were known to and approved by all elements of the Iranian government. "Nobody has private money in the government," he said. "The budget is from one place." American officials have said Mr. Ghorbanifar led them to believe they

were dealing with moderates strug-

gling for power after Ayatollah Ru-

hollah Khomeini dies. not with

radicals who supported terrorism.

• Iranian officials used a threegroups believed to be holding the hostages in Lebanon. First, he said, they would dispatch religious leaders; if this failed, money would be offered; and if all else failed, the Iranians would send armed opera-

• Mr. Ghorbanifar said the Rev-See GHORBANIFAR, Page 3

From Montenegro, Roundabout Road to Better Life

By Henry Kamm New York Times Service

RAIN DELAY - Groundsmen pulled the covers over

Wimbledon's center court Tuesday on the second day of

rain, but the showers later stopped and Boris Becker,

Ivan Lendl and Stefan Edberg won first-round matches.

TUZI, Yugoslavia - The black mountains of Montenegro have been verdant in the fullness of spring, and young men's fancies are turning to Mexico - and the lure of the border

to its north. For many years, ethnic Albanians from this underdeveloped region just across the mountains from Albania have been entering the United States illegally, to join relatives who entered earlier under a subterfuge.

"Those who come back to visit in the summer do a lot of advertising for America." said the Reverend Gojcaj Pashko, an ethnic Albanian priest at the Franciscan Mission of St. Anthony of Padua in Tuzi. As a result, said Zoran Gregl, undersecretary

for foreign relations of Yugoslavia's Republic of Montenegro, the "Mexican connection" rises to peak activity every August. They come from America with their gold

They tell them all about striptease and life in America." Mr. Greel said that since the mid-1960s, from

18,000 to 20,000 ethnic Albanians from this region had migrated to the United States. In the ginning, according to the official, as well as the Reverend Markolaj Deda, another Franciscan, the road went through Italy. Pretending that they had entered Yugoslavia

as refugees from repressive Albania, entire families persuaded American officials at refugee camps in Italy to grant them immigration visas with status as politically persecuted people. From this legal nucleus, the "Mexican connection" developed.

Almost everybody in Tuzi, as well as in the dirt-poor hamlets belonging to the villages of Play and Gusinje farther east, has brothers, sisters or children in the United States. About 5,000 Albanians live in Tuzi, the Roman Catho-

rings and gold watches and their dollars," Mr. lie priests said, and about 5,000 in the United Gregl said, "They are rich for people from here. States — many in Detroit, Chicago or Cleve-States - many in Detroit, Chicago or Cleve-

In the Play and Gusinje area, most of the ethnic Albanians are Moslems. They, too, seem to have an equal number of compatriots in the United States, with New York the favored center.

The American connection is evident throughout the region because, driven by yearnings for home, many of the migrants return for long stays on native soil. They build houses, make their Social Security pensions go farther than they would in Brooklyn and enjoy living in the mountain calm, surrounded by familiar languages and sights.

But they remain American patriots, even if in 16 years or so they did not acquire U.S. citizen-

Best country in the world, everything in America O.K.," said Mark Lulgiuraj, 49, who is See MONTENEGRO, Page 6

By Jonathan C. Randal Washington Post Service

PARIS - A French court refused Tuesday to consider Haiti's request to force the deposed Haitian president, Jean-Claude Duvalier, to return \$120 million that the new government said he looted during 15 years in power.

The civil court in Grasse, near the Riviera, said it was unqualified to judge the case on technical

Although the Haitian government was given 10 days to appeal, the judgment appeared to open the way for the French authorities to unfreeze most of Mr. Duvalier's assets in France, which include a chateau outside Paris.

Before the trial opened in May, the Haitian justice minister, François Saint-Fleur, said he hoped a French court order for the return of the \$120 million could be used as a tool for lawsuits in other countries where much of Mr. Duvalier's money is believed hidden.

15 E

Switzerland often has been cited and, on Haiti's request, the Swiss government has frozen Mr. Duva-lier's bank accounts there.

Since shortly after Feb. 7, 1986, when Mr. Duvalier and his family were forced to flee aboard a U.S. military plane to Grenoble, the 35year-old former president and his entourage have been restricted to a short stretch of the Riviera.

The Duvaliers live in the village of Mougins in a walled estate rented from the family of Adnan M. Khashoggi, the Saudi financier.

French authorities have refused to grant Mr. Duvalier's request for political asylum, but he and his entourage remain in France because no country has been willing to accept them.

A French expulsion order still hangs over the Duvaliers, but their lawyers are trying to get it over-

The Grasse court said that according to French law, only an administrative tribunal could judge such a case pitting a foreign state against its "agents" or their benefi-

That was the formal term that the Haitian government used to describe Mr. Duvalier and his finance minister, Frantz Merceron, whom it said had misappropriated state

Yann Colin, a French lawyer acting for the Haitian government, said, "I won't hide from you our disappointment at this decision." He added, "We had hoped a French court would deliver a judg-ment that could be executed without too much argument in the U.S.

Mr. Colin said Haiti might appeal the decision before a regional Court of Appeal in Aix-en-Pro-

Jews Gathering in Rome For Waldheim Protests

United Press International Waldheim of Austria appears during his official visit to the Vatican.

The group is led by Rabbi Avi Weiss of Riverdale, New Jersey. He said the group planned to join other Jewish protesters from Europe

Mr. Waldheim is to arrive late Wednesday for his two-day visit to the Holy See, his first official visit abroad since he was elected last

Jewish groups have accused Mr. Waldheim, a former UN secretarygeneral, of committing war crimes against Jews during World War II.

The Vatican confirmed Tuesday that Mr. Waldheim would have an official audience with Pope John Paul II at the Vatican on Thursday morning and that he would be welcomed with the full honors of a visiting head of state.

Poland Regrets Shelling of Ship

BONN — Poland has apologized

which a Polish Navy ship hit a West German ship with eight anti-aircraft rounds in international waters in the Baltic Sea, the West German Foreign Ministry said Monday.

The Polish ambassador, Tadeusz Nestorowicz, transmitted his gov- activities during World War II. ernment's apology to West Germany on Saturday for the incident, which occurred June 15 off the Soviet coast during a Warsaw Pact

white minority, it was announced

The government of Prime Minis-

ter Robert Mugabe also pledged to

keep troops in Mozambique -

now about 12,000 - until peace

has been restored. Mozambique

has been fighting a rightist guerrilla

insurgency for almost 11 years, and

Zimbabwe depends on rail links to

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17, rue François-Ier

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19, rue François-Ier

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"We plan to demonstrate wher-ROME - Four U.S. Jewish ac- ever Waldheim goes, including in tivists arrived here Tuesday from St. Peter's square if we get permis-New York, saying they would dem-sion from police," Rabbi Weiss onstrate wherever President Kurt said. "We will continue to insist that the visit should not take place.

> The U.S. protesters are members of a Jewish activist group called "Coalition for Concern." Some of the protesters said they planned to wear uniforms like those worn by Jewish inmates of Nazi death

> Meanwhile, Frank Lattanzi, first secretary of the U.S. diplomatic nission to the Vatican, confirmed that the U.S. representative to the Vatican, Frank Shakespeare, would not attend a reception for the Vatican's diplomatic corps in honor of Mr. Waldheim

Mr. Lattanzi said that he would attend the reception instead.

the country Wednesday and Thursday," Mr. Lattanzi said. "I am the only other member of the embassy diplomatic staff at present in Rome and I will represent the embassy at the Vatican reception."

Mr. Lattanzi said he could not say where Mr. Shakespeare was going and he declined to comment

to West Germany for an incident in the U.S. action appeared to be a country because of alleged criminal

We will not beg this, because we are very proud. We will insist."

"The ambassador will be out of

further.

But other Vatican sources said avoid offending the Vatican. The United States has placed Mr. Waldheim on its "watch list" of persons barred from entering the

Although Mr. Waldheim is scheduled to remain in Rome until late Friday, the Italian Foreign Ministry has announced that he will not meet any Italian officials. The ambassador said the shelling The Foreign Ministry said it was an was an accident and he extended Italian practice not to receive for-Poland's regrets to the three sailors eign heads of state on official visits aboard the Neckar who were in- while Italy has a caretaker govern-

Harare to End White Elective Seats

HARARE — Zimbabwe will ining 100,000 in a population of eight
troduce an executive presidency
and a single-chamber parliament
seats in parliament for seven years

Mr. Mugabe, whose Zimba
Mr. Mugabe, whose Zimba
African National Union-Patr

President Canaan Banana, open-

ing a session of parliament, said-that Zimbabwe will act in accor-

dance with a long-standing pledge

to remove the provisions for sepa-

rate white seats. Whites hold 20 of

the 100 seats in the lower chamber

by other amendments whose objec-

tive is the creation of a unicameral

legislature and the introduction of

an executive presidency," Mr. Ba-

"This measure will be followed

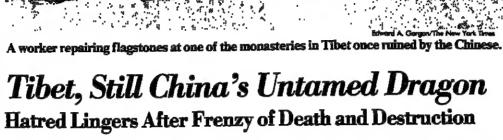
and 10 in the 40-seat Senate.

goal since he came to power.

White members of parliament

this year and abolish separate par- in the agreement that installed

liamentary representation for the black-majority rule in 1979.



By Edward A. Gargan New York Times Service

LHASA, Tibet - Four greenuniformed Chinese policemen swaggered into a small restaurant on Xinfu Road, drank tea and left without paying. The restaurant owner, a Tibetan,

"There is nothing we can do," he said. The police never pay. Who

would we complain to?" Hatred of the Chinese still courses through this arid land. In towns and villages, monasteries and marketplaces, Tibetans harbor

a loathing of the government and

the Chinese who are settling here. "People are afraid of the Chinese," said a 22-year-old man who runs a small shop in the old Tibetan quarter of Lhasa. "Remember what they did to us."

It is the memory of two decades of killing and destruction inflicted cent now," he said. "You can tell

Chinese destroyed monasteries. Tibetans interviewed over a twotemples, even whole villages. Tens week period without any superviof thousands of Tibetans were imprisoned, and thousands were exethe Chinese and their policies.

Since 1979, the Chinese authorities have sought to repair some of the damage. Several major monasteries are being rebuilt. Beijing has injected funds into Tibet for roads and hydroelectric projects. But with the governmental lar-

gess have also come more Chinese, whose presence the Tibetans find oppressive. The Chinese are sent here to run the government, work on construction projects and serve in the many army units.

A former member of the Tibetan nobility whose family was jailed and scattered during the post-re-bellion decades said the Chinese now form the majority in Lhasa, a city of fewer than 200,000 people. "I think the Chinese are 60 per-

by the Chinese that gives passion to the Chinese apart. They don't look Tibetan attitudes. In the 20 years like us. They don't speak our lanafter a futile uprising in 1959, the guage. They don't even try."

Witness Attacks Demjanjuk's Alibi

JERUSALEM — Israeli prosecutors tried on Tuesday to destroy the alibi of John Demjanjuk, the retired Ohio auto worker charged with war crimes as a Nazi guard during World War II.

A specialist in military history. Shmuel Krakowski, disputed Mr. born in the Ukraine, claims he is a Demjanjuk's contention that he victim of mistaken identity.

Mr. Mugabe, whose Zimbabwe

African National Union-Patriotic

Front controls 67 seats in the lower

house, has repeatedly said that the

minister of Rhodesia who unilater-

ally declared independence from

Britain in 1965 and vowed to block

black majority rule, was not in the

Renamo, another name for the

rightist Mozambican National Re-

sea in Mozambique.

Ian Smith, the former prime

white seats will be eliminated.

Whites Zimbabweans, number- the whites could be re-elected to

prelude to the introduction of one- to eliminate the Renamo bandits

listened impassively as Mr. Banana sistance guerrilla organization, has

confirmed the long-standing rumor begun to raid Zimbabwean border

that their special seats would be villages in retaliation for Harare's

eliminated. Observers in Zimba- military support of the Mozambi-

and secure in their Jobs or Profession

best reacher and time

9ur 1991 to 1 Send data-led resume on more life and academic eagle

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bwe, however, believe that some of can government.

party government. Mr. Mugabe's from Mozambique," he said.

was imprisoned by the Nazis for 18 months in Chelm, Poland, after being captured while fighting for the

Soviet Army. Mr. Krakowski said Chelm was a transit camp where prisoners spent no more than a few weeks.

Mr. Demjanjuk, 67, who was

6 Crewmen Are Missing in Seine Collision

Reuters ROUEN, France — Six persons were missing and presumed dead Tuesday when two tankers collided on the Seine between Rouen and

La Havre in northern France, offi-

cials said. chamber. He was suspended last April after 39 years in parliament. A local government official, In his address, Mr. Banana said Christian Siembal, said the Vitoria, a 9,116-ton Greek tanker, was cut Zimbabwean troops would continue operations along routes to the in half and exploded after a collision with the Fuyoh Maru, an 8.704-ton Japanese vessel loaded "It is noteworthy that our operanana told the legislators.

Political analysts believe that the constitutional changes will be a routes safe for our goods, but also

with kerosene. Mr. Siembal said the six presumed dead were believed to include a French navigator employed by local port authorities and five crew members of the Greek tanker.

A farmer who witnessed the accident said he heard a powerful explosion and debris showered fields along the banks of the Seine. Windows were broken up to two and a half miles (four kilometers) away. Mr. Siembal said there was no

risk of river pollution. Another official said: "We're lucky the Vitoria wasn't carrying anything other than its own fuel. Otherwise we would have had a

real catastrophe on our hands." The Japanese vessel was only slightly damaged and was able to continue its voyage to Rouen.

The Vitoria had sailed about 37 miles down the Seine from Rouen. where it had unloaded its cargo, and was on its way to the seaport of Le Havre when the collision occurred at 10 A.M.

sion by government officials often voiced emotional denunciations of Lhasa has only a small core of

traditional Tibetan whitewashed buildings clustered below the soaring Potala Palace, the former residence of the Dalai Lama. Around this core, centered on the Jokhang Temple, ring upon ring of stolid cement-block apartment buildings for the Chinese spread out along the Kyi Chu River and toward the nearby mountains.

Though Tibet has been designated an autonomous region, it remains tightly controlled by Beijing, which appoints the region's senior government and party officials.

Tibet, with about 2 million people, remains one of the poorest areas of China, with a per capita income of about \$80, less than half the national average. According to official statistics, 52.8 percent of the people cannot read, although

80 percent. There has been improvement in some urban amenities in the last several years, including the installation of a citywide drinking water

system in Lhasa. Officials say that over the last seven years \$16.2 million has been

allocated to help the poor, although it is not clear where or how the money was spent. Chinese officials extol Beijing's accomplishments in improving the life of Tibetans. In a speech this year, Deputy Prime Minister Wan

Li praised the government's policies of reducing taxes for Tibetans, granting farmers and herders more say in how they work and choosing Tibetans for some official posts. But power still rests with the Chinese. Wu Jinghua, who as Ti-bet's Communist Party secretary is years of martial law. the most powerful man in the region, is Chinese and does not speak

Many Chinese officials regard Tibet as a place of exile. In turn. most Tibetans appear to consider China almost an occupying power. In Tibet, people beg for pictures of the Dalai Lama, the spiritual

leader of Tibet who lives in exile in India. Never mentioned is the Panchen Lama, the second-highest leader in Tibetan Buddhism, who lives in Beijing and supports the government's policies. Some Tibetans try to ignore the

Chinese. In the Chago Valley south of Lhasa, a 68-year-old nomad woman named Choden sat inside her tent, woven from chocolatebrown yak wool. Her husband and two sons, she said, were in the mountains watching their 70 yaks. Mrs. Choden said that despite the Chinese authorities, her family

of nomadic herders maintained the ways of their parents. "In the spring, we leave the village with the yaks and go into the mountains," she said. "We read the scriptures and watch the sky. We

ask the monks what is a good day, and then we come here. My hus-band learned this from his father. Francisco because of traffic restriction whose flight from Pittsburgh to From older times we learned how to read the sky." The young shop owner in Lhasa said: The Chinese have eased up

for a while," he said, "but in two or three years, who knows, they will crack down again.

The Chinese want to give the impression that things are very free to that Tibetans in exile will come

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The Chinese want to give the impression that things are very free to that Tibetans in exile will come

The Chinese want to give the impression that things are very free to the two main runways. Officials said as many as 250 flights Ir., Democrat of New Jersey, wait ing for 30 minutes at Newark Inference of Piedmont and the performance of Piedmont and the performan

FAA Urged To Improve Flight Data

By Richard Witkin

Recorders

NEW YORK — The National Transportation Safety Board has opened a campaign to bolster standards for equipping airliners and other planes with crash recorders, which often play a critical role in determining the causes of acci-

The agency on Monday called on the Federal Aviation Administration to go beyond the new rules announced in March and, in particular, to upgrade requirements for the fast-expanding commuter airline industry.

The rules cover the two types of crash-resistant recorders used by investigators to reconstruct events leading to accidents. One, a flight data recorder, provides continuous data on a plane's speed, altitude and other measurements of its per-formance. The other, a cockpit voice recorder, puts on tape all conversations and other sounds heard in the cocknit. The recommendations expanded

and refined proposals the safety board has been pushing for many years. Among the proposals are that the most advanced existing planes be re-equipped with flight recorders that can provide at least 32 types of data; that such recorders be mandatory on planes carrying as few as 21 passengers, rather than 31; and that the design of voice-recorder systems be improved so that the words of pilots will be preserved without interference from cockpit sounds.

The board said the commuter

industry was advancing at a tech-nological and operational pace comparable to the advance made 17 years ago when the airlines began using jumbo jets. But it added that it was not until March that new crash-recorder standards governing jumbo jets were extended to conventional-width designs licensed before 1969. That was true, the board said, even if the actual planes were in current, continuing production.

"It is not possible," said the let-ter to the U.S. aviation agency, "to estimate how many lives or millions of dollars could have been saved had the changes adopted on March 25, 1987, been implemented 17 years earlier. The FAA is in a position to make a similar decision concerning cockpit voice and flight-data recorder requirements for commuter airlines."

The aviation agency acknowledged when the new rules were announced in March that stronger regulations might be required.

Early drafts of more stringent rules have already been drawn up, but it is expected to be many months before they can be translated into final regulations. Jim Burnett, chairman of the

safety board, said a major aim of the refined recommendations was to "zero in" on precisely what improvements his agency sought and to head off charges that they would be too costly. For example, he said, it would be

useful to take advantage of new technology that allows voluminous the latest airliners.

The safety board said the \$14,000. amount of data that could be redata recorder.

Taiwan Adopts Law on Security

TAIPEI - Taiwan's parliament approved national security laws Tuesday in a step toward ending 38

The small opposition group in the assembly held a sit-in on the floor to protest the passage of the legislation, which they said is martial rule in another guise. The law will force future political parties to renounce Communism and swear their allegiance to the island's con-

Martial law has been in force since 1949, when the Kuomintang, or Nationalist, forces retreated to the island after their defeat by Chinese Communists on the mainland.

WORLD BRIEFS

A Monet Brings Record Price in Paris

PARIS (Reuters) — An 1878 painting of a bouquet of flowers by the Prench impressionist Claude Monet fetched 13.8 million francs (\$2.24 million) at an auction here Tuesday might

Back

million) at an anction here Tuesday night.

The record of 10 million francs for a work of art sold in France was passed in four minutes at the Druout auction house as Monet's Bouques of the Fleurs went to an unidentified hower

Officials at the auction house said Japanese buyers had expressed in the painting. de Fleurs went to an unidentified buyer. strong interest in the painting.

Saudis to Search for Mines in Gulf

WASHINGTON (AP) - Saudi Arabia has agreed to search for Iraman mines in the Gulf off the Kuwaiti coast and has designated hospitals for wounded Americans in case of emergencies, a senior U.S. official said Tuesday.

The Saudis are to use U.S.-made helicopters dragging special sleds to detect explosives. A team of U.S. specialists is investigating reports that Iran planted mines to damage tankers carrying Western oil supplies, the

However, a U.S. request that the Sandis permit jet fighters to land for fuel is not being discussed, said the official, who asked not to be

Thatcher Backs Peres on Peace Talks

LONDON (Reuters) — Foreign Minister Shimon Peres of Israel won support Tuesday in talks with Prime Minister Margaret Thatcher for his proposal to hold an international peace conference on the Middle East Mr. Peres met with Mrs. Thatcher for nearly two hours. A spokesman for the prime minister said afterward that she had made it clear to Mr. Peres that "the United Kingdom considered an international conference the most practical way forward to negotiations between the parties directly involved in the Middle East conflict."

Mr. Peres was scheduled to arrive in Paris on Wednesday and will also visit West Germany and Switzerland. He is seeking support for a peace conference involving the five permanent members of the UN Security Council as well as Israel and Jordan and possibly other Arab countries, Prime Minister Yitzhak Shamir of Israel is opposed to an international conference, fearing it would force Israel to return land it captured in the 1967 Middle East war.

Death Toll Now 18 in Barcelona Blast

MADRID (Reuters) - The death toll in the Barcelona supe

the end of a 16-month inquiry, say they have found new witnesses, documents and scientific evidence proving that the 1984 Bhopal toxic gas

disaster resulted from sabotage by a company employee.

Company investigators also said in recent interviews that they had found logs and documents that had been tampered with, which Carbide says indicates that several employees at its Bhopal plant knew about the start of the accident earlier than they acknowledged and then tried to

The disaster killed about 2,000 people and injured 200,000. Indian officials and former employees of the plant vehemently dispute assertions of sabotage. India is sumig the company, based in Danbury, Connecticut for \$3.3 billion in damages, charging that the plant was badly designed and that its managers were negligent. The plant was run by the company, Indian subsidiary, Union Carbide India Ltd., 50.9 percent of which is owned by the American corporation-

Peru's Prime Minister, Cabinet Resign

LIMA (Reuters) - Prime Minister Lois Afva Castro of Peru and his abinet have resigned, Foreign Minister Alan Wagner Tizon said Tues-

The Peruvian radio had previously reported Mr. Alva Castro I resign tion, but there had been no confirmation before Mr. Wagner's states He denied that the resignation amounted to a government crisis and said ministers would continue to work normally until a new calonet

Mr. Alva Castro, who is also economics minister, is widely seen as having ambitions to succeed President Alan Garcia Perez in 1990, and he has been repeatedly reported to be trying to leave the cabinet before there is a downturn in the economy.

For the Record

Bomb disposal experts in The Hague on Tuesday detonated a box left outside the Iranian Embassy. The police said the box turned out to be

gine performance to be shown on gele, the Nazi death camp doctor, are to receive compensation from West the video displays in the cockpits of Germany, their Israeli Iswyer said Tuesday. He said the twins, most of

amount of data that could be re-trieved after an accident was so vast that the only limit seemed to the 1970s. Only generals now face prosecution, and the ming resulted in

A warrant has been issued in Florence for the arrest of Maurizio Gacd,

PARIS (Reuters) - A French Transport Ministry spokeswoman and Tuesday that the government planned to offer air traffic controllers the status of private employees instead of civil servants.

As private employees, the spokeswoman said, the controllers would

find it easier to negotiate flexible pay settlements. French air traffic

was injured, officials said.

(UP!)

Ecuador is to har foreigners who do not prove that they are free of the

AIDS virus from entering the country beginning in September, Health Minister Alejandro Saenz said Tuesday. European Community iransport ministers are scheduled to meet Wednesday in Luxembourg to discuss ways to reduce West European in fares.

(Reuten)

days of summer, hundreds of air travelers in the United States reached their destinations only after delays, finding that in many cases timetables did not apply. Air traffic was delayed Monday

Washington and Atlanta, according to the Federal Aviation Administration. There were delays going into couple of months," said Kathy Ca-

said: The Chinese have eased up for a while," he said, "but in two or press communer plane on a mainteleave," she said. "In Just doesn't

estimated that there were 18,000 scheduled flights on Monday, carrying about 1.2 million people — "On the flight down here, there were two separate delays one to pilot indication of heavy air traffic

"Air traffic, waiting for a gate,

The second of th

rying about 1.2 million people—
up from 1.1 million passengers on
the same day in 1986.

Airlines sold 63.7 percent of
their seats in May 1986. This
year, passengers filed 34 percent
more complaints with the Departmore complaints with the Departtary Elizabeth H. Dole wrote to 36
ment of Transportation in May
than in April.

than 31 delays per 1,000 departures tions on some route sectors, said Dallas-Forth Worth airport was and arrivals, ranging from 103 de-Fred Farrar, an FAA spokesman in two hours late Monday.

The FAA, however, only counts delays caused by weather and flight

national Amportamaking him late, seven competitors from late Febru

هكذا من الاصل

MADAID (Returns) — The death of it has barcelons supermarker car-bomb attack by Basque guerrillas rose to 18 on Tuesday.

Mercedes Moreno, 33, died early Tuesday from burns suffered in Friday's attack, a hospital spokesman said. He added that three of the 33 persons injured were still in critical condition. The death toll is now equal to the number killed in the 1985 bombing at the El Descanso restaurant frequented by U.S. servicemen near the Torrejon airbase outside Madrid. A Palestinian guerrilla group was Carbide Cites New Proof of Sabotage NEW DELHI (NYT) - Union Carbide Corp. investigators, nearing

cover up the knowledg

whom now live in Israel, would each receive between \$11,000 and

be the recording capacity of the the immediate release of three convicted officials. 39, president of the parent company of the Gucci fashion house. He is accused of breaking Italian foreign currency regulations. (Reuter)

TRAVEL UPDATE

Paris Offers New Air Controller Status

controllers have disrupted flights in and out of Paris for two months over Two consucrcial jetäners collides on a runway at international Amport in Los Angeles on Monday night. Both planes were damaged but no on

Storms Add to U.S. Airline Delays

NEW YORK -On the first two

and Tuesday by bad weather in New York, Boston, Philadelphia,

than in April. "It's been a real bassle in the last

action if they did not start making their passengers happier." Surveying 22 airports in April, the FAA found an average of lever

not in exile, they would keep us all as slaves."

The Air Transport Association, for a briefing on the Iran-contra ary to early April, 36 percent to 46 percent of flights arrived late. A second stantage of him and the second

Mr. Beggs said Monday. "I was left hanging out to dry. I feel the grand jury system is no longer a check on

Mr. Beggs said that his vindica-tion "took much too long," adding that, "It was expensive to live for 19 months without a job."

The indictment involved a \$39

million army contract to develop a

prototype anti-aircraft gun from

1978 to 1981. General Dynamics lost the competition to build the weapon, which is also known as the

Sergeant York, and the Defense

Department canceled the weapon in 1985 after repeated test failures.

The indictment charged that

General Dynamics tried to hide \$7.5 million in cost overruns by illegally shifting excess costs to oth-

er government-funded accounts.

On May 19, the Justice Depart-ment dropped a three-year fraud investigation of General Dynamics

submarine contracts. The latest ac-

tion by the department prompted

"The dropping of the second General Dynamics case shows

there's something drastically wrong with the way the Justice Depart-

ment handles defense fraud cases,"

said Senator William Proxmire.

Senator Charles E. Grassley, Re-

publican of Iowa, said the "incom-

petence" of the Justice Department

which occurred in Vietnam in 1969

for which he was facing trial when

At the time, he was facing a

court-martial on seven charges re-

lating to participation in a black-

market operation and allegedly

threatening to kill a fellow marine.

Israel to Extradite

United Press International

Justice Ministry has ruled that a

Jew be returned to France to face

legal action on his conviction there

in the gangland-style murder of an

An order signed Monday by the

justice minister said William Na-

kash, 25, should be extradited with-

out delay, a ministry spokesman

convicted of the 1983 slaying of Algerian-born Abdel Ali Hakkar,

20, in France, said that he fears

death at the hands of Arabs in

prison if he is sent back to France.

The subject of the extradition,

JERUSALEM - The Israeli

Jew to France

he descried."

"must be called into question."

Democrat of Wisconsin.

Marine Who Fled to Australia

In 1970 Is Given a Discharge

renewed criticism in Congress.

U.S. Drops Indictment

Over Anti-Aircraft Gun

Of General Dynamics

By Howard Kurtz

Department dropped a fraud in-dictment of General Dynamics

Corp. over the Divad anti-aircraft

gun after discovering military and company documents that undercut its theory of prosecution, according to the head of the department's

The government is standing up

and saying, 'We were wrong,'" William F. Weld, an assistant U.S.

Mr. Weld said that it was "un-

usual for the government's view of the facts to change so radically that

the government will abort the pros-ecution." But he said that it would

have been "dishonorable" to do

otherwise. "Nobody is happy about

The dismissal of the charges was requested by the government late

Friday and approved by a U.S. judge in Los Angeles on Monday.

General Dynamics, James M.

Beggs, and three other present or

former executives of the company

were indicted on the fraud charges

At the time, Mr. Beggs, a former

General Dynamics vice president, was the head of the National Aero-

nautics and Space Administration.

The charges led him to resign from

"I really feel aggrieved on this,"

WASHINGTON - A U.S. Ma-

rine who deserted in Vietnam in

1970 and returned to the United

States from Australia this mouth is

being discharged from the Marines

after admitting he was guilty of desertion, Marine Corps officials

Private First Class Douglas

Beane, 40, will be allowed to leave

the corps "under other-than-hon-

orable conditions," but without further punishment, officials at the

Marine base in Quantico, Virginia,

said Monday. Mr. Beane had lived in Australia

He voluntarily returned to the

The officials said that the

charges of desertion during war-

time, which could have resulted in a

death penalty on conviction at a military trial, were dropped on the

recommendation of military legal

officials and Mr. Beane's com-

A Marine statement said that he

also had admitted guilt in "offenses

manding officer.

United States on June 9 to see his

attorney general, said Monday.

criminal division.

this," he said.

in December 1985.

New York Times Service
WASHINGTON — The Justice

U.S. Said To Back **Bonn Trial**

Decision Is Due On TWA Suspect

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BONN — Attorney General Ed-win Meese 3d told West German officials Tuesday that President Ronald Reagan would accept a de-

cision to try a suspected TWA hijacker here instead of extraditing him to the United States, West berman television reported. Mr. Meese mer with West Ger-man officials in what U.S. spokes-men described as an attempt to convince them to extradite the suspect, Mohammed Ali Hamadeb. Bonn officials are expected to an-nounce their decision on Wednes-

Through fingerprints, the Lebanese Shine was identified as one of the suspected hijackers of a Trans World Airlines flight in 1985. Mr. Hamadeh, who is currently in prison in Frankfurt, has been charged in the United States with the murder of a passenger on the hijacked airliner, Robert D. Stethem, a U.S. Navy diver.

Mr. Hamadeh, 22, was arrested in January at Frankfurt Airport afa ter liquid explosives were discovered in his luggage. Gunmen in West Beirut kidnapped two Ger-man businessmen after the United States demanded that Mr. Hamadeh be extradited

Mr. Meese refused to give any details of his nearly two hours of talks with Justice Minister Hans Arnold Engelhard and an earlier meeting with Interior Minister Friedrich Zimmermann.

Reagan Reported Satisfied Mr. Reagan said Monday that he would be satisfied to see Mr. Hamadeh stand trial for murder "wherever he is tried," The New York Times reported from Wash-

Bonn has declined to agree to the extradition, reportedly for fear of terrorist retaliation either in West Germany or against two West German businessmen being held hostage in Lebanon.

Senator Alphonae M. D'Amato, Republican of New York, said in an interview on Monday that he was outraged by the administra-tion's handling of the case and said it represented a dangerous capitulation to terrorists.

The White House handled this poorly," he said. "President Reagan did not vigorously pursue this by saying he'd be satisfied with their trying him. Mr. D'Amato, one of the chair-

men of the Senate's anti-terrorism ful, Constance Snapp, said Mr. caucus, sponsored a resolution last Robertson's problems existed beweek, backed by 65 senators, call- fore the scandals in the PTL televiing for Mr. Hamadeh's extradition sion ministry broke in March. to face trial in the United States.

about the case on Monday in Flori- sisted that the public was not conda. In response to a question, the fusing him with the Reverend Jim president said: "All I could tell you Bakker, the former PTL leader who that he is going to be tried for than other television ministers as a murder wherever he is tried." result of an extramarital affair with Asked whether that satisfied him, a secretary. PTL stands for Praise Mr. Reagan answered, "Yes."

(Continued from Page 1)

erend Benjamin Weir, the first

American hostage released in 1985,

had to be seized from his captors by

Iranian emissaries. There was no

• Iranian officials, he said, were

infuriated by a shipment of obso-

lete American anti-aircraft missiles

from Israel in November 1985. He

ac'ded that the bungled delivery,

detailed in the Tower commission

report last February, cast a shadow

of distrust over all transactions that

Mr. Ghorbanifar contended

that now was the time for the

American government to make a

deal with Iran for better relations.

In interviews conducted last week,

he said that preparations were un-

der way for terrorist actions against

The question of how the opera-

tion unraveled last fall remains one

of many mysteries. Mr. Ghorbani-

far asserted that his reputation was

gravely harmed when the Ameri-

cans dropped him last summer for

ons to the Iranian government at a

But he denied that he had dis-

a new intermediary who sold weap-

Americans in the Middle East.

way to verify this.

followed.

AMERICAN TOPICS

Anti-Smoking Efforts Succeed in Military

The crackdown on smoking in the U.S. military appears to be working, the Pentagon says, with tobacco sales at military commissaries down 18 percent during a recent six-month period. The air force says 31 percent of its personnel still smoke, but says "this reflects a 20 percent reduction" since 1985.

Dr. William Mayer, assistant defense secretary for health af-fairs, said a definitive survey of smoking by U.S. military persomel throughout the world would be made next year. He said the Defense Department hoped eventually to reduce smoking "to rates significantly below civilian levels."

The Pentagon's war on smok-ing was touched off in March 1986 by Defense Secretary Caspar W. Weinberger after a survey showed that 47 percent of the 2.1 million active-duty military personnel were smokers. This figure was down from 52 percent in 1982, but it was still well above the civilian rate of about 30 percent,

Rather than ban the sale of cigarettes or raise tobacco prices in military commissaries, Mr. Weinberger ordered an intensive educational campaign and sharp restrictions on where servicemen can smoke.

Short Takes

The 35.5 billion Intermoun-tain Power Project has opened in Delta, Utah. Burning seven trainloads of Utah coal a week it will furnish Los Angeles, 490 miles (about 800 kilometers) to the southwest, with enough electricity to light a third of its dwellings without contributing to the city's amog problem. "Since California can't pollute its own air because it's so bad," said Alan Miller of the Sierra

Club, an environmental group,

"it's looking for nice clean places to pollute." However, the

project was welcomed in Utah

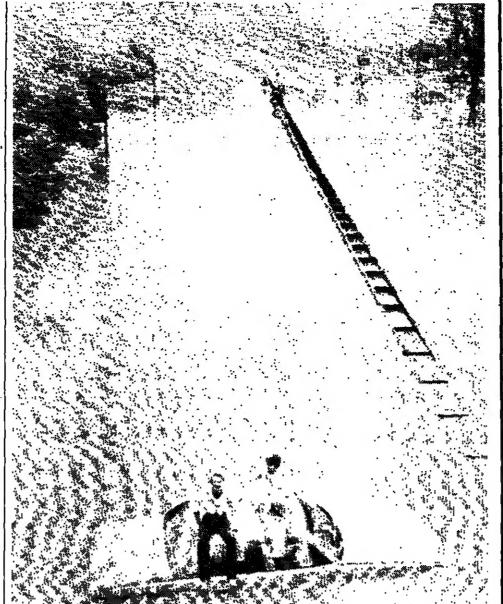
Beaches not seen in years are emerging along parts of the Great Lakes because of a drop in water levels from the record highs of last fall. The drop rehighs of last fall. The drop resulted from a long, dry spring following a winter with below-average snowfall. Bur Lake Michigan remains a foot and a half (45 centimeters) above its 100-year average. "People would be unwise to get a false sense of security," said Ron Fassbinder of the Wisconsin Denarment of Natural Re-Department of Natural Reand go up as fast as it went down."

Black models are making a comeback in magazines and on billboards. They were widely employed during the civil rights movement of the 1960s but suffered a partial eclipse in the 1970s. "The world has finally opened up to a broader defini-tion of what's beantiful," said Lacey Ford of Ford Models Inc. in Manhattan. Dee Simmons-Edelstein of Del Marco Modeling touched on another angle: We can no longer deny that there is a black consumer.

Toy to Outwit Spies Gets Mixed Reaction

During the furor over the planting of bugs in the U.S. Embassy in Moscow, two members of Congress told of using Magic Slate pads to communicate when they visited the em-bassy. The 99-cent toy has a stylus for writing on two plastic sheets. When the top sheet is

the writing disappears.
The manufacturer, Western
Publishing of Racine, Wisconsin, sent 25 cases of the slates to the State Department and to the U.S. Central Intelligence Agency, with a few samples to President Ronald Reagan. The company said that the State Department and the CIA politely demurred. The New York



STORMS, FLOODING HIT U.S. — Flooding from heavy rains stranded two men and their car on a highway in Buffalo, New York, after a record 5.01 inches of rain. Storms also hit the Midwest and New Jersey, New York and Pennsylvania on Tuesday.

Times reports, but that the White House sent a message written on a Magic Slate. Signed by Anne Higgins, director of correspondence, it

said: "Thank you for your letter to the President. Yours is the best idea we have had yet." Saying the idea was being forwarded to the State Department, the

CIA and the National Security Council, the message ended, "Please lift cover when you're done reading."

-ARTHUR HIGBEE

TV Preacher-Candidate Aims to 'Repackage' Image

By Wayne E. King

New York Times Service WASHINGTON — Dismayed by polls showing that many Americans have a negative view of the Reverend Pat Robertson and that they appeared thy cannot distinguish him from most other television matter. He allowed the Germans to evangelists, his chief media adviser pursue the course they are taking is seeking to "repackage" him as a Christian businessman.

The communications director for the Republican presidential hope-

face trial in the United States. Saying his fund-raising had not Mr. Reagan made his remarks suffered since then, Mrs. Snapp in-The Lord or People That Love.

Nevertheless he said: "People

betray me, I betray them. People

are honest with me, I give them

everything; if not, I cut their

Two former U.S. government of-

ficials offered information that

throws into question Mr. Ghorban-

ifar's denials about revealing the

shortly before the Ash Shaara arti-

cle appeared, the administration

obtained a letter from Mr. Gbor-

banifar to a leading Iranian offi-cial, Ayatollah Hussein Ali Monta-

zeri, that described the visit to

Tehran in May 1986 by Robert C.

McFarlane, the former national se-

These officials said they suspect

that Ayatoliah Montazeri in turn

had a hand in exposing the opera-

tion. Mr. Ghorbanifar replied: "I

write many letters every day. All the letters I write are explosive."

But he denied sending any such

letter to Ayatollah Montazeri.

They said that late last October,

arms dealings.

curity adviser.

to blur Mr. Robertson together with Jerry Falwell, Jimmy Swaggart and most other ministers. And she said, the public had a negative view of television ministers, at least as presidential candidates, because of their duties as moral leaders and hecause of concerns about separa-

"I was concerned about the high negatives," said Mrs. Snapp, who came to Mr. Robertson's exploratory presidential campaign from Madison Avenue seven months ago. She referred specifically to an opinion poll conducted by the Roper organization for The Atlanta Journal and Constitution in March showing that 69 percent of voters in Southern states said they "would not consider" voting for

tion of church and state.

According to Mr. Ghorbanifar.

there was never any such deal, and

it was Mr. McFarlane who reneged

by bringing only a small amount of

spare parts for Hawk missiles, in-

stead of 50 percent of the shipment,

as be had promised. Richard V.

Second, the retired air force major

general who helped arrange the

shipment, has also said there was

Mr. Ghorbanifar said that he has

Some senior CIA officials dis-

trusted him, too. After Mr. Ghor-

banifar failed a CIA lie detector

exam in December 1985, Clair

George, the agency's deputy direc-

tor for operations, said he should

The White House, however, re-

hed on him for most of the next

year. And William J. Casey, the

director of central intelligence,

wrote later that Mr. Ghorhanifar

not be used in covert operations.

long disliked the Central Intelli-

no Iranian promise to free the hos-

tages before the talks.

gence Agency.

GHORBANIFAR: Hearings to Center on Role of Iranian Expatriate

Ash Shaara, which published the the hostages would be freed upon first account of the dealings last his arrival in Tehran in May 1986.

dealings, shortly after he was re-placed, to the Lebanese magazine formed when he expected that all Man

heavily on support from the South because of its religious and generally conservative heritage.

To separate him from the others, Mrs. Snapp is arranging nonreligious television appearances for the candidate. She is also urging re-porters to refer to him as "Robertson" rather than "the Reverend Robertson" and to call him a "Christian broadcaster" rather than a "television evangelist."

Mrs. Snapp is also using an advertising technique for product analysis - the product in this case being Mr. Robertson - to find out just what a cross section of the population thinks of him and the st way to sell him to the voters.

ucts, packages or advertising con-The negative opinion was partic- cepts. For a new detergent for exularly disturbing to the Robertson ample, a group of housewives and partly in deference to the Fed-date, she said, more than \$7 million forces since his strategy relies might be assembled to discuss its eral Communications Commis- has been raised.

Many of Mr. Ghorbanifar's

comments about the arms transac-

tions have been verified by partici-

pants and are consistent with what has been publicly revealed so far.

Mr. Ghorbanifar gave this ac-

count of the dealings: For him, the

story began when he first made

contact with Adnan M. Khashoggi, a Saudi Arabian arms dealer with

ties to Israeli arms dealers and

tional Security Council consultant

researching the Iran issue, as well

as Israeli arms dealers and Israeli

officials, a deal was reached that

was eventually approved by the

Iran promised to stop aiding Shi-

ite terrorists in actions against

Americans, he said, and the United

States said Israel could send TOW

anti-tank missiles to Iran to estab-

cials that Mr. Ghorbanifar was tru-

freeing the American hostages.

dealing with senior American

American officials.

governments involved.

Mr. Ghorbanifar also asserted was worth retaining because he got

name and the color of the package. sion's regulations requiring equal time for opposing views. In Mr. Robertson's case, Mrs.

12 people representing a roughly demographic cross section of the voting population. The problem, she said, seemed to be that "they don't really know who Pat is. They confuse him with other people, with Falwell and Swaggart."

Snapp assembled groups of 10 to

But after seeing clips of the "real Pat Robertson," Mrs. Snapp said, most respondents realized that their earlier impressions of him had

now favorably impressed. Since announcing in September Advertisers use this "focus that he was making an exploratory group" technique to determine the bid for the Republican nomination sident. Mr. Robertson has

tion and eager for another deal.

Iraqi bombing raids on Iran.

The hearings this week are ex-

rizing the agency's involvement.

Iranians were so pleased by the earlier TOW shipments that they

changed their usual policy in No-

vember and transferred \$24 million

weapons were delivered.

Mr. Ghorbanifar said that the

for 17 years.

Although he has not officially declared that he is a candidate, the agency can rule at any time that he father, who is ill, in Rutland, Veractually is a candidate and is therefore subject to its rules.

Although the PTL scandals have cut into donations to Mr. Robertson's \$176-million-a-year ministry, aides said his political fund-raising has not been hampered by the controversy.

About 80 percent of the Christian Broadcasting Network's revebeen wrong and most of them were nue is from donations. A loss of about \$28 million has been projected for the year as a result of the scandals.

But Mrs. Snapp said contribuappeared only occasionally, partly the committee raising funds for his because of his campaign schedule campaign had shown no falloff. To

ments of TOW missiles had been did not show up as scheduled. sent to Iran, Mr. Weir was freed. American officials said telephone Mr. Ghorbanifar said the Irani- intercepts show the Iranian offians were delighted by this transac- cials were threatening Mr. Ghor-

banifar. Tehran next said it would work The November 1985 delivery to free the remaining hostages. It went badly. The first plane arrived would receive a shipment of 400 late, and it carried only 18 missiles, went badly. The first plane arrived Hawk anti-aircraft missiles. Mr. not the 80 that had been promised Ghorbanifar said the Iranian milito the Iranians, according to Amertary needed to shoot down highican accounts. flying Soviet reconnaissance planes

Mr. Ghorbanifar said the milithat were taking photographs for tary officers were furious when they discovered that the missiles were older than what Iran already pected to focus closely on the Nohad and could not hit high-flying After meetings in Israel that in-chided Michael A. Ledeen, a Na-an Israeli flight through Portugal planes. The Israeli arms dealers as sured Mr. Ghorbanifar that undeand then to Iran, Included will be tectable improvements had been testimony about the possible illemade in the weapon, but Iranian gality of using a CIA proprietary military officers were dubious airline for the shipment without a Then, in a test firing, Mr. Ghorbanformal presidential finding authoifar said, a missile fell harmlessly to the ground,

General Second later told Mr Ghorbanifar that the Iranian officers were correct: the Israelis had misrepresented the missiles' capa-

The next month, the White He said that he had monitored House tried to pick up the pieces officials. Iran said it would work on the transaction from a hotel room and, against Mr. McFarlane's recin Geneva, and that he became ex- ommendation, Mr. Ghorbanifar On Sept. 14, 1985, after two ship- tremely nervous when the weapons was retained.

PEKIN, AUGUST 29-30, 1987

INTERNATIONAL TOURNAMENT

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North Is Said to Conceal Secord Favor over proposals that the panels make concessions to Colonel North.

WASHINGTON - Lieutenant

Colonel Oliver L North tried to conceal that an elaborate security system at his home was financed by Major General Richard V. Secord, whose private operation handled proceeds from the Iran arms sales, former CIA official testified

Glenn Robinette, a former CIA employee, described his installation of an electronic gate and other devices. He said that Colonel North asked him to send him a hackdated bill for part of the \$16,000 cost only after the Irancontra affair was revealed.

in another development, the congressional committees investigating the affair appeared to be at an impasse over working out a deal for Colonel North to testify in pubiii, with some members angered

Colonel North had refused to testify privately before giving pubhe testimony.

The committees met separately at mid-day. The House panel reported that it had not reached neement.

er. Republican of New Jersey, said

Representative James A. Court-

Documents released by the com-

mittees showed that payments had been funneled to Mr. Robinette by a Swiss investment banker who managed the assets of General Secord's private network aiding Nicaragnan rebels. Mr. Robinette said it was his

own decision in December to comply with Colonel North's request, backdating the bill and listing only half the cost of the system.



THE BEST OF TASTE:

lish for Iranian government offi- to a Swiss bank account before the

Take one part of Beefeater Gin, one part Campari, one part sweet Vermouth, and mix them over ice in a tall glass. Add a slice of orange, just a touch of soda and serve with a stirrer. For a recipe leaflet which further demonstrates

the excellence and versatility of Beefeater Gin why not write to: James Burrough, Beefeater House,

Moniford Place, Kennington Lane, London SE11 5DF, England.



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Washington's Task in Seoul

Now more than ever, the United States needs to sound the call for peaceful transi-tion to democracy in South Korea. That country has reached a pivotal moment. Its future is being settled in the streets by protesters and police, with the army ever-present in the background. Its leaders operate in a culture where compromise and restraint are not considered political virtues.

Once great internal forces are set in motion, perhaps no outsider can make a difference. But if any nation can, it is the United States, Korea's military protector and trad-ing partner. And President Reagan, longtime friend of Korea's ruling military regime, may be especially well positioned for such a role. For the most part, his administration is now saying the right things. But given its past vacillation and hesitancy, it

needs to sound a far more certain trumpet. From Gaston Sigur, the State Department's top official for Asia, now in Korea, to Mr. Reagan himself, the administration has to convey three messages almost daily:

To South Korea's military commanders: Forswear any idea of a military coup. The State Department sent that message Monday: The Korean military must understand how a coup could poison American attitudes toward their country.

To President Chun Doo Hwan: Reopen the dialogue with the opposition. Though the discussion was intended to show his bona fides for constitutional reform, he unilaterally stopped it in April. Reports indicate a start toward resuming the dialogue, but Washington must maintain the pressure.

To opposition leaders: Understand that

democracy does not mean anarchy. It requires compromise even from those who have been treated unjustly. Mr. Sigur

should meet personally with opposition leaders to deliver that message, even as such a meeting would signal American impar-tiality and interest in democracy.

There is much to overcome, past and present. In April, the atmosphere was darkened by the torture-death of a student dissident and a subsequent police cover-up. Mr. Chun then halted debate over ground rules for general elections due later this year. Washington knew of that decision in advance, and failed to try seriously to head it off.

This month, Mr. Chun compounded his error by anointing his hand-picked successor for a term to run through 1995. That arrogance brought even the normally quiet middle class into the streets.

For now, Mr. Chun has avoided the mistake of declaring martial law. Instead, he declared his willingness to meet a key opposition leader. Kim Young Sam. The force of the protests, and fear of driving away the 1988 Olympics, apparently jolted him into giving negotiations one more chance. But for these talks to be fruitful, the government will have to show more will to compromise.

Democracy is unlikely to be achieved all at once. But it is essential to chart a clear path. To continue to insist on deferring constitutional debate for 15 more months and free and fair elections for seven more years is wildly unrealistic. Perhaps the answer is a brief interim presidential term during which more acceptable electoral ar-

rangements can be agreed on.

The task for Washington is to bring to bear whatever influence it can, with maximum visibility. Let the Korean people have no doubt about the kind of democracy America has sent 40,000 troops to defend.

THE NEW YORK TIMES.

Europe's Status Stays Quo

this year for stability and the status quo. In the British and Italian elections this month. as in the West German elections last January, the results were strikingly similar to those four years earlier. In all three countries the conservatives remain dominant. None of the conservative parties managed to win an absolute majority, but, because of the voting system in Britain and a coalition partnership in Germany, they will continue to run the governments there. The Italian conservatives seem to have lost the initiative to the Socialists, intermittently their allies, but they will at least continue to hold the largest bloc of seats in Parliament. As for France, it put its conservatives back in power in last year's parliamentary election.

All that seems to reflect a mood of remarkable contentment - remarkable particularly when you consider the economy. The growth rate has been slowing and unemployment, which has been hanging around 11 percent in Western Europe for the past four years, is not dropping. If anything a slow increase lies ahead, according to the Organization for Economic Cooperation and Development By conventional reckoning, that ought to push politics toward impatience and change.

popular in all times and all places. But recent European experience is a warning to think carefully about that easy assumption. Fast growth over the past generation has changed continental European society profoundly, in ways that were not always comfortable. The richest European countries do not seem at all distressed to have drifted into a time of low growth rates. They are using their wealth to support people who aren't working, and unemployment there is now more likely to mean boredom than desperation. Attitudes are different in the poorer Eu-

ropean countries. So are growth rates. The OECD says Britain's economy will probably grow by more than 3 percent this year, fastest of any of the major European countries. But in West Germany, France, the Benefux countries and Sweden, growth seems to be running about half that rate. That's a poor performance by past standards, but it doesn't seem to have damaged any of the politicians' reputations. Chancellor Kohl has made a positive virtue of resisting all advice to speed up the West German economy. He wants to keep things pretty much on their present track. Most of Europe seems to agree with him.

- THE WASHINGTON POST.

Intervening in Panama

The crisis in Panama is moving into a ness elite, whence his chief opposition new unstable phase in which popular unrest comes. He also has played on the nationalwinds down at least temporarily but the istic theme that he is defanging an Amerioutrage of military control goes on, General can plot to keep the Panama Canal. the 20,000-man defense force, has had the streak of anti-American resentment show legislature indefinitely renew his first 10day suspension of constitutional guarantees. One of the rights suspended is the right is in part by cooperating with the U.S. to private property: Citizens have been warned that, for banging on a pot, a person can have his house confiscated. Panama's internationally oriented economy, based on transit, commercial and financial services. cannot run in that Mickey Mouse atmosphere. The general's refusal to let normality return is an economic absurdity and

betrays a telling fear of the public temper. At first, people were reacting to a disgruntled colonel's report on the corruption and chicanery marking General Noriega's strongman rule. Now the public seems a bit startled and even delighted by its own show of courage in the streets. By his harsh response to their peaceful protests, the general has confirmed a reputation for thuggishness. His recourse has been rude force and an attempt to mobilize the common people against the middle class and busi-

through. Head of intelligence before he took over the armed forces, he got where he military and intelligence, whose regional activities are centered in Panama. In a country where the impression of American favor is negotiable political currency, he now finds it convenient to take up a certain distance and to present U.S. remonstrances as evidence of Yankee intrusiveness.

He denounces steps that Washington has taken to get on the democratic side, such as having the American ambassador call on the hounded opposition, as intervention. But the whole huge multidimensional American presence in Panama over the decades has constituted an intervention - with benevolent as well as harmful effects - on the side of the Panamanian powers that be. Washington must find the essential and unmistakable ways to show it is stopping the long careless U.S. intervening of that routine sort.

- THE WASHINGTON POST.

The Inimitable Astaire

First, there were his looks. In truth, they didn't amount to much: medium height. skinny build, a longish nose, thinning hair. But in top hat, white tie and tails he was champagne to everybody else's beer.

Then there was his voice. It didn't amount to much, either. It was dry, astringent really, and its range was narrow. But once he sang a song he owned it. And what songs they were: "Night and Day," "Begin the Beguine" Finally, there was his dancing. That

amounted to great art. What images he leaves behind. He and Ginger Rogers face each other, turn, then slide effortlessly into a quick scatter of steps. Backed by an army of dress-alikes, he puts on his white tie,

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polishes his nails and takes millions of people out of a Depression and into an atmosphere that reeks with sophistication. He danced with some marvelous people,

but his only real peers were the composers with whom he worked. Tapping to "Half of It Dearie Blues," he called out "How's that, George?" to his accompanist. George Gershwin. "That's fine, Freddie!" Gershwin called back. They sounded joyous.

Once a little girl was allowed to stay up late to watch one of his movies on television, and cried when it ended. "It's so

sad," she explained, "when Fred Astaire leaves the room." It is indeed. - THE NEW YORK TIMES.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Charman 1958-1982

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RENÉ BONDY, Deputy Publisher • ALAIN LECOUR and RICHARD H. MORGAN, Associate Publisher • FRANÇOIS DESMAISONS, Circulation Director • ROLF D. KRANEPUHL, Adventurg Soles Director International Herald Tribune, 181 Avenue Charles-de-Gaulle, \$2200 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

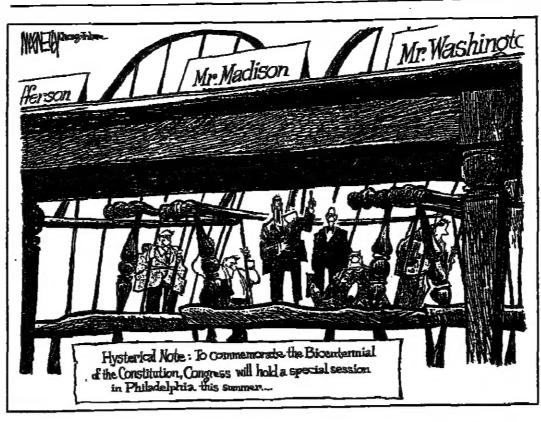
Directeur de la publication: Walter N. Thaver.

Editor for Asia: Michael Richardson, 5 Camerbury Rd., Singapore 0511. Tel.472-7768. Tlx RS56928 Managing Dir. Asia: Makohn Glenn, 50 Gloucester Road, Hong Kong, Tel. 5-8610616. Telex: 61170 Managing Dir. U.K.: Robin MacKichan, 63 Long Acre, London WC2. Tel. 836-4802. Telex: 262009 Gen. Mg. W. Germany: W. Lauterbach, Friedrichen: 15, 0100 Frankjurt/M. Tel. (109) 726755. Tt. 416721
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S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
6 1987, International Herald Tribune. All rights reserved. ISSN: 0294-8052.









A Pontificating Congress In Muddles of Its Making

By Mary McGrory

Because the constitution says it must.

What does Congress do? presidential specials. Try to imagine the State of the Union address without all those bodies, applanding or not applauding providing cutaway shots for the television cameras focused on the president. In that sense, they are indispensable.

Also, they perform small services for constituents. They send them baby books, copies of speeches, appeals for money. If of the right party, they can arrange private tours of the White House, and all can dispense tickets to the galleries, where the citizens can watch legislators not legislate. Senate Republicans now are dug in against a bill to provide limited public funding for congressional campaigns. Al-though it would rescue them from hev-

W ASHINGTON — Why does the ing to raise \$1,600 every working day, United States have a Congress? it also would help the competition. it also would help the competition.
U.S. presidents don't have to worry about successfully lobbying for aid Well, its members serve as extras in for projects that take their fancy. When presidents need money for

projects over which Congress nominally has control through its appropriating power, they don't have to grovel for it from prosaic members. They rub Aladdin's lamp. We already know that the Saudie kicked in \$32 million for the contras.

The Saudis are not much for democracy: they won't have it at home. But casting bread upon the waters is a good idea, and more often than not it comes back to them in the form of the new weapons they perpetually seek. The Reagan administration's failure to deliver 1,600 Mayerick missiles reflected the times. The hearings have given a bad name to all arms sales in that part of the world.

The New York Times has just published more about Saudi Arabian largess. It shows again that Congress, by a thread, is hanging on to relevancy in the conduct of foreign policy. It seems that from Afghanistan to Zaire, King Fahd has been doling out millions to promote Western interests, sometimes at the prompting of the United States, sometimes not. William Quandt, who served on

President Finning Carter's National Security Council staff, put the equation in stark terms: "It takes King Fahd about 10 seconds to sign a check. It takes Congress weeks to debate the smallest issues of this sort. If you can get somebody else to pay for it, it's nice and convenient." Mr. Carter's national security ad-

viser, Zbigniew Brzezinski, said: "It's a good quote. The king has plenty of money and has no Congress to worry about. There is no parallel to what is soing on now. Everything we did was in keeping with established proce-dures. This administration wanted to do something it was not permitted to do. There is nothing new about the fact that governments act jointly for the promotion of mutual interests." But where does it leave Congress?

It holds hearings, summons witnesses, pontificates, marks up, postures through long debates, haggles with the White House, temporizes, compromises and, if it passes the tattered shreds of what it had in mind, and the state of the stat teristically allusive fashion to talk about de Gaulle. The general, he sugpats itself on the back. King Fahd presides over the till. gested, felt old age overtaking him. His sight was going. He felt his powers failing. He had seen others —

Congress-baiting may have reached a new level with the Resgan administration. It has been especially hard for a president who won 49 spates to think of himself as a mere artner" in the great scheme of the binding Fathers. To him, the Boland amendment was a typographical error in the heroic chronicles of the Reagan Doctrine, Oliver North never nattered about technicalities.

The colonel and his lawver have been putting on a show of strength on mu, but he recognized him as a capable man in whose hands the government would be secure. Capitol Hill that has had the select committees running around in circles. Colonel North's attorney, Bren-Malraux said nothing directly, in dan Sullivan, marched in and announced that his client would not be testifying first in private, as have other witnesses. Negotiations ensued, even though Congress is thought to he reported to Washington, was that be in control of the hearings. Mr. Sullivan tried to lay down

before long the general could be exdent to happen to him, one which would allow him to abandon power vide Colonel North with certain papers, restrict the area and length of the questioning. In short, said one morose member, "He gave a large He would go in a way that would permit no ambiguity, no appeals to Rockefeller salute to Congress." Mr. Sullivan knows, of course,

that in addition to its usual diffidence before strong-minded individuals, Congress is in a time bind. It can cite Colonel North for contempt, but the case would drag on for years, and in the end would kill the hope Congress has of hearing his story, which is the point of the exercise.
"You wouldn't believe it," a member said, "but they are talking about what a smart, stand-up guy Offic North was to get himself such a mean

lawyer. They don't mention the indignity of the whole thing."
That's Congress for you. And that's apparently why several presidents of the United States have preferred to deal with the king of Saudi Arabia.

Universal Press Syndicate. An Issue to Address

A FTER the conclusion of the Iran-contra hearings. Congress may want to address itself to an issue that may be second to none in determining the future of American society. the notion that subversive activities can be carried out against other gov-emments without subverting the U.S. government itself.

It would be a good way to observe the bicentennial of the Constitution - Norman Cousins, former editor of the Saturday Review of Literature, writing in the Los Angeles Times.

The Boland Amendment: Let the People Judge PROVO, Utah — President Rea

By Rex E. Lee

gan did not violate the Boland idment when he asked the leaders stitutionally assigned powers, and beof foreign governments to contribute cause of inherent differences in the funds to help the Nicaraguan contras.

The amendment prohibited "direct or indirect" support for the contras from any funds available to "the CIA. branches, they go about their foreign policy tasks in quite different ways. Congress's legislative power is apread among 535 individuals. Their contrithe Department of Defense, any intelbution is thus limited to matters of

ligence agency, or any other agency of broad policy determination. Congress is institutionally ill-suited for such foreign policy tasks as keeping secrets, authoritatively re-That did not apply to the president because quite simply, he is not an "agency of the United States." The solving a dispute and achieving a shared multinational objective. The Trade Commission and the Internal Revenue Service are agencies United States, or any other nation, must have some person authorized to act on its behalf, decisively and auof the United States. The president is not an agency of anything. He is the president of the United States, the

person in whom the constitution vests

If Congress had intended the Bo-

land amendment's prohibitions to

apply to the president, it could have

said so. In the absence of a clear

expression, Congress should not be

assumed to have limited the presi-

dent's ability to exercise his best

judgment as to what is in the best

interest of the United States. Wheth-

er the same considerations would ap-

ply to the president's subordinates

would depend on whether they acted

In some areas it may be all right for

Congress to express its will in ambig-

uous terms and then leave it to the

courts and others to decide what it

really meant. But congressional fuzzi-

ness followed by expansive judicial

interpretation is not acceptable in

cases in which Congress attempts to

regulate the head of another coordi-

Under the separation of powers sys-

tem, the dividing line between the re-sponsibilities of Congress and the

president is not always clear, especial-

ly so in the area of foreign relations. It

is quite clear that the constitution con-

templates a foreign affairs role for

The president is also head of state.

He deals on America's behalf with

his world counterparts, and is com-

mander in chief of the army and

navy. Congress's foreign affairs re-

appropriate money (including that

needed for foreign relations and to

maintain a military force), the pow-

er to regulate international com-

merce and the power to declare war.

exercise by these two branches of

their foreign relations prerogatives

will be mutually compatible and will combine to serve U.S. interests. It is

important, however, that neither

branch unduly intrude on the

MANILA — The frustration of the Communist Party of the

Philippines was displayed earlier this

month in an advertisement its political

bureau placed in a Manila newspaper. The advertisement complained of an executive order by President Corazon

The Politburo asserted that Com-

nunists were being deprived of their

legal rights to pursue "the path of open mass struggle." It added that "we have no armed group and there is

nothing in our party program and in our documents that calls for the vio-

Ironically, that advertisement ap-

peared as a campaign of urban ter-

ror was being mounted in Manila. Assassination squads, or "Sparrow"

units, of the New People's Army, the

military wing of the Communist

Aquino outlawing the party.

lent overthrow of the state."

Because of the differences in con-

responsibilities of the other.

Under ideal circumstances, the

both Congress and the president.

nate branch of government.

at his direction or on their own.

all executive authority.

thoritatively, when necessary. Congressional hegemony, therefore, lies in the area of long-range policy determination. The president's nherent advantage, by contrast, is in his ability to move more quickly and decisively. The importance of the ment can completely take away the president's greater agility is demon-foreign policy prerogatives of the decisively. The importance of the

strated by the fact that the last war that the United States entered as a tation, Congress's laws should be inresult of a deliberate decision by Congress, rather than because of action-forcing events that left little choice, was the War of 1812.

Continuing dialogues with other foreign leaders, and requests that those leaders act in America's interest, lie at the core of presidential responsibility. To be sure, he may differ from Congress about what is in the nation's best interest. Difficult constitutional problems

arise in the rare instances when Congress's and the president's views differ, or when Congress acts unambigu-ously to prohibit the president from pursuing his objectives rather than those of Congress. But such instances are so rare that the circumstances under which one branch of governother need not and should not be decided as a blanket matter. Short of such an express confron-

terpreted so as to avoid clashes between the constitutional prerogatives of the two elected branches of government. As long as any other interpretation is possible, neither Congress nor the president should be assumed to have impaired the ability of the other to implement its own foreign relations objectives. To the extent possible, each should be given the leeway to exercise its best judg-ment, and then leave the ultimate judgment where the ultimate power is: in the people to whom both the president and Congress must periodi-cally account for their stewardship.

The writer was the solicitor of the United States from 1981 to 1985, and now teaches law at Brigham Young University. He contributed this comment to the Los Angeles Times.

his old companion at arms, Win-

Moreover, his succession was ar-

ranged. Georges Pompidou, his for-

mer prime minister, would unques-

tionably run for the presidency

when de Gaulle left, and would win.

The general regarded Pompidou with a measure of disdain, as a purve-

this conversation in the U.S. Embas-

sy, but he said a great deal indirectly. The import, as the astonished Ameri-

can diplomat interpreted it, and as

with the same decisiveness

which he had always wielded it.

ston Churchill, for example

go on too long in public life.

De Gaulle Saved France, From Himself

P ARIS — There are a good many great men who have saved their countries from one threat or another, also saved it from himself.

That was Charles de Gaulle, and the threat from which he saved France was that of the "shipwreck" his phrase, of his own old age. The story, to the best of my knowledge, has never been published. My source is the American diplomat directly concerned, who prefers not to be named.

De Gaulle has never been a popular figure among Americans, although I think most with a serious acquaintance of the events of the 1940s, and again of France and Algeria in the 1960s, recognize the man's greamess, exercised on behalf of the nation for which he combined a passionate love and an ironic detachment of judgment. He had, as is well known, "a certain idea of France" to which the French themselves, in his

eyes, too often failed to measure up. conducted at the expense of the United States, a long and painful affair in which the first blows had been struck by the government of Franklin Roosevelt. Roosevelt found incomprehensible this arrogant brigadier general who, with a handful of troops to command, insisted that he embodied the legitimacy of France at war.

The "monolithic simplicity" of de Gaulie - to use the phrase of Don Cook, his American biographer — to the end eluded and affronted President Roosevelt. The United States

By Michael Leifer

Party, have killed more than a dozen

police officers. These killings, which continue, are justified by the party on the ground that "the victims

were abusive and did not render

faced with a quandary. Until Febru-

ary 1986, they had been the political

beneficiaries of the tyranny and cor-

ruption identified with former Presi-

dent Ferdinand Marcos. But victory

was snatched from them when Mrs.

Aquino triumphed without their support. The Communists also mis-

read the public mood in January, at

the time of the constitutional refer-

endum, and the party's political sympathizers in the Alliance for

The Philippine Communists are

genuine service to the people."

By William Pfaff

waited until five months after the Normandy landings and two months after the liberation of Paris before grudgingly granting de Gaulle's gov-ernment diplomatic recognition.

For France, however, de Gaulle had

in a crisis, that of the Algerian war, and brought about an enduring settlement, at the cost of suppress military mutiny and a struggle inside France that produced repeated attempts at his assassination.

Early in 1969 de Gaulle's friend, and minister in his government, the writer André Malranx, made an ap-pointment with a high official of the U.S. Embassy in Paris. Malraux ostensibly wanted to discuss an invitation he had received to travel to the

saved the national honor in 1940, and by sheer force of will compelled Britain, and the United States in the end, to accept Free France as a full ally. He restored republican government, disarming Communist resistance forces that for a time seemed to threaten it. Again, in 1958, he came to power

The third historic service he rendered France, when he saved it from himself, came in the spring of 1969. uprising of 1968 had delivered a severe challenge to his government. He eventually mastered the situation by dissolving Parliament and calling new elections, which resulted in a Gaullist landslide. Still, he had been shaken.

congressional elections in May. Still, the Communist movement

izing political change.
But despite a trend that might

seem to serve their cause, the Com-

munists are of two minds. Armed

power. Struggle through the ballot

box, however, has also been a failure

provoking a Marcos-like response

One fundamental problem facing the Communists is that they possess

an anonymous identity. This is a seri-

ous handicap in the personalized po-litical culture of the Philippines. They

may feel that justice is on their side. but they cannot match the saintly personal appeal of Cory Aquino.

That is her government's major asset.

Letters intended for publication

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national Herald Tribune.

from the Aquino government.

continue, no threat to the position of his successor. The United States should be aware of this in advance; he wanted no unfortunate surprises. The American did not know whether all of this was Malraux's fantasy. Malraux's own interpretation of de Gaulle's state of mind, or whether Malraux was delivering a message drafted by the great man himself. He

cannot say today. He reported to Washington what had occurred. Philippines: Communists in a Quandary In March 1969, de Gaulle declared that a national referendum would be New Politics were trounced in the called on an intrinsically unimportant issue of political decentraliza-tion. He said that he would consider the Philippines is not on the verge of the result a test of his mandate. The referendum took place on April 27, 1969, and de Gaulle, as most expectdefeat. The country's social and economic ills remain virtually untouched, while landowners have begun to orga-nize in an attempt to frustrate the president's declared commitment to ed, lost the vote by 52 percent to 48 percent. He made known his resignation shortly before midnight the same land reform. Moreover, with Congress night. On his orders, every trace of his convening at the ead of June, a tradipresence was immediately removed tional oligarchy will have been re-stored with only Mrs. Aquino symbol-

from the presidential palace. He returned to the modest house he maintained in the village of Colombey-les-deux-Eglises. Nineteen months lat-er, 10 days before his 80th birthday, he died of a heart attack. A few months struggle over nearly two decades has earlier, in a conversation with Malraus. not brought them close to achieving he had remarked, "I gave France back what she had given me."

International Herald Tribune. In frustration, they have resorted to urban terror in Manila in the hope of

O Los Angeles Times Syndique.

IN OUR PAGES, 75 AND 50 YEARS AGO

The American public is now turning away from the echoes of Republican met with the general approval of the cacophony in Chicago toward the country [on June 23], the Left press sounds of Democratic discord in Bal- hailing it as a continuation of the The writer, who is on leave from the Convention that may become almost meant a return to orthodoxy. The as bitter as that just ended with the appointment of Georges Bonnet, renomination of President W.H. Ambassador to the United States, to Taft. The chief difference between the post of Finance Minister was the two situations is that the Bahistressed as promising a return to finnore battle will be the result of a president of the post of the promising a return to finnore battle will be the result of a president of the post of the promising a return to finnore battle will be the result of a president will be the result of the post of the united States, to the post of the united States, the post of the united States and the post of the united States and the united States are the united States are the united States and the united States are th London School of Economics, is a visiting professor of political science at the National University of Singapore. He contributed this comment to The Intermore battle will be the result of a nancial orthodoxy after the adventurstraightforward and honorable rival one policy of Vincent Aurick
ry among candidates for the Press. NEW YORK — The New York
dential nomination. Mr. Clark, Goy. Times said: "Mr. Chantemps let it be
armon Wilson; Governor Haunion and understood that the new governor of the

en yak arangaminintika bayak d

1912: Democrats' Turn 1937: New Paris Cabinet

PARIS - [A Herald editorial says:] PARIS - The constitution of Pre-

STREET, STREET

timore. All indications point to a Front Populaire, while the press of struggle in the Democratic National the Right [said] that the new set-up

Mr. Underwood have been engaged, would continue the application of the for some weeks in an open contest for Blam government's program, al-delegates. Mayor Gaynos followed though perhaps under a form and with York is more and more talked of as a methods slightly modified." The New possible nominee and Mr. Bryan. York Herald Tribune said. The like the poor is "always with us "Front Boullaire tensing finance."

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OPINION

After NATO: The Drums of Decoupling

LONDON - The George M. Cohan-phase of American foreign policy is ending. "Send the word, send the word over there," went his World War I lyric, concluding "and we won't come back till

it's over, over there."

The struggle to defend democracy in Western Europe is not over, despite the seeming end of Cold War II, but we are coming back. The Yanks — a third of a million troops — will be gradually "drawn down" in the decade ahead.

That is ritually denied by President Reagan, and it will not happen on his watch. But the tectonic plates underlying the Atlantic alliance have shifted and the next administration, Republi-can or Democrat, will abandon the old muclear umbreils myth and face the new reality: The United States will not guar-antee to respond automatically to a So-viet attack on Western Europe with an

attack on the Soviet Union. Why not? Has NATO not successfully deterred the Russians for two genera-tions, and is there not strength in unity? Yes. Will a post-NATO world not encourage the Europeans to become neutralist, or invite the Kremlin to roll its tanks westward? Not necessarily.

The fact is that America's European allies see NATO as a strictly regional pact with the Iron Curtain as its front line. When the United States acts to stop Communist expansion in Central America, Europe disapproves; when it attacks a center of terrorism in Libys, France (which is not a NATO member, but benefits from its existence) refuses overflight; when danger looms in the Gulf, Europe is willing only to hold America's coat.

We Americans used to accept Enrope's parochialism because we thought of the Iron Curtain as our front line, too; it was in the U.S. interest for American troops to man the ramparts in West Germany. We told ourselves it was actually cheaper to keep our men in Europe than to house them in the United States, assuming illogically that U.S. Army troop levels would be the same after we decided to update our strategy.

But approaching the millennium, Americans are realizing that their front line is the skyline; the country's primary national defense interest is to protect itself from the threat of incoming missiles. Its global mission is better served by investing in a new nuclear shield than in manning old caserns in West Germany.

The "star wars" strategy is here, it is irrevocable and it is already making its impact on the plans of European leaders. They know that a survivable superpower—not wholly impregnable, but not naked to nuclear attack — could then help defend their borders, by reinforcement or by threat of escalation elsewhere.

The regional defense strategy of the West is now changing as an immediate consequence of its greatest victory. The Soviet intermediate-range missile bluff of the '70s was met with European-American resolve in the '80s; Moscow is now willing not only to restore the status quo ante, but to lower the nuclear ante — to remove shorter-range missiles.

By William Safire

Mr. Gorbachev's plan is simple: Since Western Europe could not be intimidated with Soviet nuclear missiles, then all of Europe should be de-West yulnerable to old-fashioned Soviet tanks and planes and armies. The

ESSAY

military means are different, but the Soviet goal of extending its domination of Europe further west is the same.

Now it is up to the Europeans to respond as a regional power should. They need not await some utopian federation; right now, the population and total GNP of the West European nations are larger than the Soviet Union's. America can help by seeking to negotiate down Soviet conventional strength. but Mr. Gorbachev is unlikely to give away his regional advantage for nothing.

Voting Selfishly, of Course

Regarding the news analysis "Britain's New Political Center: The 'Haves' Back

The naïveté of Howell Raines is as-

tounding - or does he speak with tongue in cheek? He talks of Prime Min-

ister Margaret Thatcher's appeal to vot-

ers' selfish interests. When have voters

ever voted for someone else's interests?

days when, under Labor rule, with 30

percent inflation, the country was very

near to bankruptcy. Nor do they forget that there are those within the Labor

Party whose sole ambition is to reduce

the whole country to "have nots," and

tims put us on the sure road to commu-

mism. Nell Kinnock (a sincere man) would be deposed within a week of com-

ing to power and be replaced by one of the hard left, who are keeping out

The Alliance grouping of Liberals and Social Democrats destroyed itself by

having nothing to say except strident

personal attacks on Mrs. Thatcher. The

about Mrs. Thatcher but, with the pros-

perity of the country in mind, who else

Regarding "15th Is Arrested in Por-nography Ring in Brussels" (June 20), I would like to make the following clarif-

cations: The persons arrested were members of the national committee for

UNICEF and not of the organization itself. National committees are autono-

mous structures organized mostly in in-

dustrialized countries to support UNI-

Pornography Scandal

Le Château d'Oléron, France.

LE ALLWOOD.

electorate are not fools; they know all

of sight at the moment.

could they vote for?

The voters have never forgotten the

Thatcherism" (June 13):

How to counter the new conventional threat? Experience has shown that the Russians will discuss arms reduction only when their adversaries begin building defenses. That means not merely replacing the withdrawing Americans, but increasing and improving the forces needed to make a Soviet

All the old fears of the consequences recognizing reality, of a sinking of spirit and a rush to accommodation with communism, are losing relevance. Paris and Bonn have been shocked into talking about an integrated force; good. The era of defense dependency and its re-sentment is ending; the drums of decou-

pling are drum-drumming everywhere. Europe and America need each other as much as ever, but with a different mutuality of reliance — the European states to defend their eastern border and free-market interests in specific regions the United States to apply its strength to help freedom prevail around the globe. The New York Times.



LETTERS TO THE EDITOR

information as well as fund-rais

tivities and sales of greeting cards.

Jozef Verbeeck and Michel Felu were not UNICEF officials as such but employees of the national committee for Belgium. Furthermore, Mr. Felu was not a volunteer but employed, with others, as part of the unemployment reduction

DINICEF is deeply concerned with the events in Brussels and firmly condemns these and all physical and moral attacks on children's dignity. The director of the national committee has been suspended pending the results of the inquiry undertaken by the Belgian legal authorities. VICTOR SOLER-SALA.

Director of UNICEF. Geneva Office.

Venice, for Tea and Photos

Just how much more of this summit garbage must the world suffer through? The Venice media event between these so-called leaders resulted in nothing but meaningless piffle regardless of the cheerleading twists they tried to put on it. President Reagan caves into Prime Minister Yasuhiro Nakasone, Prime Minister Thatcher drops by for tea (and photo), and Chancellor Helmut Kohl feeds some overweight pigeons.

If these biggies really wanted to pull off something productive, they might have tried to have Mathias Rust sprung from the Kremlin pokey. As it all turned out, all we got was another terminal case of the ZZZs.

CHUCK PAINTER.

I am an Italian and as such I know of the waste of public money. During President Reagan's visit to It-

CEF's cooperation in developing aly, millions of dollars were spent for his countries through advocacy and public security: for guards, armored cars and so on. That is perfectly O.K.; the safety of the American president comes first. But was it really necessary to ship from Portugal a double bed to the villa

near Venice where the presidential couple spent a few nights? Couldn't the Reagans, for economy's sake and concern for the American taxpayers, have slept in separate beds?

R.D. GRILLO.

The Cruelty of the Bullring

Your edition of June 3 shows a photograph of a bull somersaulting during a pass at a matador in Madrid. Contrary to the would-be caption, "Topsy Toro," the text describes something that seems to me to be anything but funny: "The bull's horn was rammed into his head but the fight went on. Increasingly, people in Spain today are recognizing bullfighting as cruel and barbaric, and quite in contrast with the finer things of Spanish culture. I think you should be more sensitive to such situations.

JOAN KENNEKE

Working Better Together

I enjoyed "Superconductor Search: A Race and an Obsession" (May 19). But the remark by a physicist at Bell Laboratories has been bothering me. He said: "I suspect that the first products will be from Japan. Whenever individual efforts count, we have been leaders. Yet, when it comes time to turn ideas into products, we are lost."

The stereotype that Americans rebel at teamwork while the Japanese excel at it, and that Americans are creative individual researchers while the Japanese are not is untrue, and it can only harm relations between the countries. The Manhattan project and the Apollo moon shot are two striking examples of effective American teamwork.

The style of pursning science and technology has evolved steadily, and while individualism is still important group effort is practiced more and more in every country. Perhaps what is needed is a new vision incorporating individualism and groupism, to enable people of all nations to turn ideas into products." Philosophers, please accept this challenge!

KENKICHIRO KOIZUMI.

Soft on History?

Regarding the opinion column "Has Europe, the Crippled Genius, Given Up on Itself?" (June 1) by James Reston:

Is same Scotty Reston going soft in the head or just trailing his coat? His equation of 1787 America with today's Europe sounds like some provincial clown comparing contras to "our founding fathers." Both parochial and bogus.

MICHAEL KUIL Segovia, Spain.

A Generalist Philosophy

Regarding "The Medical Bits and Pieces Don't Add Up" (May 26):

The dilemma Ellen Goodman points out is due to mass hypnotism via the mass media, a modern Western disease to which, fortunately, we in the developing world are not yet exposed. As a broadcasting professional, I am swaying back to the generalist philosophy of life; deal with the whole person, not parts of the system. A. MAWAZ.

Kuala Lumpur.

A Death, on the Longest Day, Of Someone Quite Particular

By David Glidden

to let the homeless have their bridges and their benches, even to give them a little money to help them slake their thirst. Otherwise they were left alone, as independent spirits. But they were also left to die, to perish with the same indifference that sustained them.

المكذا من المصل

During the summer solstice, the long-est day of the year, the sun rises while

MEANWHILE

the city is still dormant. But one long-ago longest day I found dreaming diffi-cult, so I walked around Paris streets at 4 A.M. The street sweepers with their twig collectors and those who clean the gutters by laying down heavy rags next to street faucets to guide the stream first in

one direction and then another.

A few remaining ladies of the night leaned against facades, making themselves conspicuous. Their clothing and facial paint revealed too much; what might have fascinated a man at midnight looked grotesque in the streaks of dawn. In an alley an elderly woman was feed-

ing some unwanted, mangy cats. She talked in loving tones to them, and for the time they were her pets, competing for her attention, rubbing up against her legs. About that time the cafes opened their doors. The Algerian street sweep-ers and gutter washers gathered for a drink of some brightly colored liquor, yellow or green. And I walked into their

café for a coffee and croissant. Around six or seven, most mornings, I would head back to a Left Bank apart-ment to begin my day's studies. But on this particular June morning something happened. Crossing the bridge from the Ile St. Louis to the Ile de la Cité. I found police had gathered at my favorite viewing spot downriver. I asked what they were doing and was told it was not my concern. But I continued to watch all the same, as they began to drag the river.

Two police divers went down and came up with a stiffened body, his arms emerging first, stretched out like a diver's. It was the first time I had ever seen a dead man, and when I saw his face, I discovered that I knew him.

It had been a melancholy summer, that summer of '75, so I had taken to reading Henry James's "Ambassadors" in the late afternoons, sitting on a particular bench on the port side of the ile St. Louis, below street level and just above the Seine.

Watching the barge traffic proved a distracting comfort. Those barges were also their pilots' homes, with families, pets and autos piled on the barges. On sunny afternoons laundry would be hung to dry; in the evenings I could smell the aroma of old-fashioned French cooking, rich in sauces and in cream.

R IVERSIDE, California — At the time it seemed a form of courtesy, spring rains. I used to look for a mother spring rains. I used to look for a mother and her broad of ducklings, as she guided them from one Ile to another. They had taken up residence at the ivy-covered end of the Ile de la Cité, behind Nôtre Dame cathedral and at the spit of land that is now a memorial to the French who were

War II. Such a place as this had finally found room for kindness and for refuge. One moody day I came away from my distractions to discover a clochard sitting on the bench beside me, nursing his wine. It is said that in earlier days the Parisian homeless person, or clochard, was just an independent soul who preferred his life outdoors. Now most of them are alcoholies with nothing but old clothes to wear

and bridges to sleep under. This particular clochard struck up a conversation, asking why I was so quiet. No, he was not asking for contributions. Rather, he wanted to talk, to enjoy the summer evening air and a civil mood. When I did not at first reply, he did the next best thing and offered me a drink.

I declined but began to talk with him instead: about the river traffic, the weather and the ducks. It was a limited conversation; my French was not good and my companion wasn't sober. But he swore he understood everything I said and claimed my French was better than de Gaulle's. He cheered me up. I left the bench to have some dinner and bid my friend adieu. A few days later, on the summer solstice, the police found him in the Seine.

Until I had seen his face it seemed a considerate strategy, a form of Parisian politesse, to let the homeless be. But this person I had briefly known had died as a consequence of such consideration.

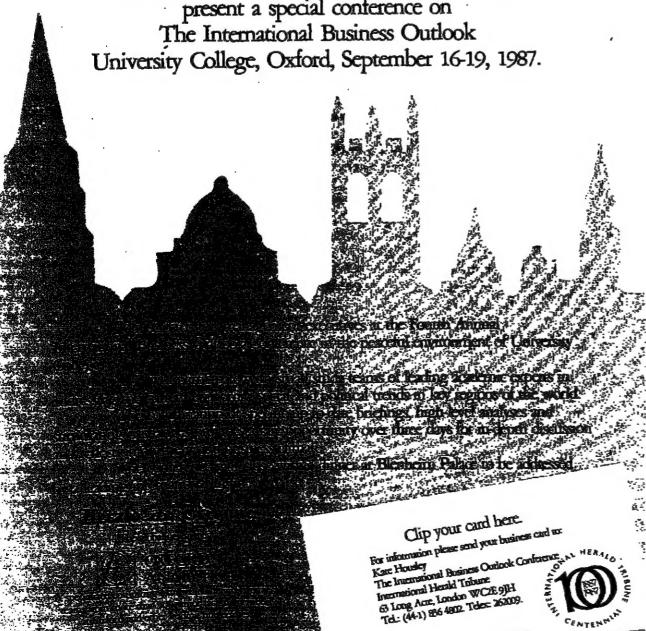
We rarely think how homeless per sons spend their time or what they think about. Considering them from the out-side makes it difficult to consider them from within. There is something quite particular about how these human ings spend time, sitting on their benches and reflecting on their lives. They notice little things, like ducklings swimming in the river, things few others attend to.

ship and commonality among clochards and it extends to strangers too - a mutual consideration for the unhappy and those despairing of themselves. This is the fraternity of the homeless. Observing the bustle around them, there is a special, slower sort of knowledge they enjoy that most never will discover, a knowledge that may well lend itself to melancholy and to drink, but a knowledge all the same. The only place for proper observation of such a spectacle is a stationary one, such as on a Seine riverbank.

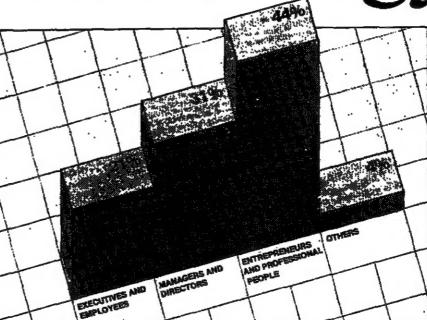
The writer is a professor of philosophy at the University of California, Riverside. He contributed this comment to the There were water fowl on the river, Los Angeles Times.

An Invitation

The International Herald Tribune and Oxford Analytica present a special conference on The International Business Outlook



advertising and solar energy One third of all II Sole 24 Ore reader



Solar energy carries prestige. It's important, and the symbol of a new market. Il Sole 24 Ore gives its advertisers the inexhaustible source of energy that comes to us from its ever more positive circulation and reading trends, from its ever better qualified readership, from its ever more complete contents. The histogram above gives us a fine idea of how a good 44% of Il Sole 24 Ore readers are entrepreneurs and professional people, of how almost all of its employee-readers hold positions of great responsibility.

Over the past 12 months, thanks to their high decision-making power, Il Sole 24 Ore readers have decided to purchase or rent important accessories for their professions: computers (38%), photocopiers, industrial equipment, apartments and premises.

While only 11% of all Italians hold an insurance policy other than their car insurance,

the percentage goes up to 70% for II Sole 24 Ore readers: the umpteenth proof of their willingness to invest in well qualified goods and services.

Sole 24 Ore readers place savings in an

investment fund (that's over ten times the Italian average), and 41% own shares quoted on the stock exchange, along with giltedged securities, and other fixed-interest bonds. There's more: half of its readers hold a personal credit card (the national average is 2%), and 54% use two or more banks as part of their everyday routine.

Although nearly all (95%) Il Sole 24 Ore readers own a colour

tv set, they're not great radio or television fans: on average, they only watch television for one hour eighteen minutes a day, while the national average is more than four hours.

The high purchasing power of Il Sole 24 Ore readers is confirmed by the fact that 57% of them run two family cars (national average: 27%), and 20% of them actually own three. And more than half have a car with a capacity of over 1400 cc, the national average being 15%.

24 ORE SYSTEM Via Paolo Lomazzo 52 20154 Milano - Italy Tel. 02/34972202 - FAX 312181

Mail Service

In Canada

Disrupted

By Strikes

By Herbert H. Denton

Washington Post Service
TORONTO — Mail service
across Canada, which in normal

times can be slow and erratic, is m

disarray as letter carriers hit one

city after another without warning

in a series of brief but sometimes

The police and strikers have been

ronto and St. John's, Newfound-

injured in scuffles in Calgary, To-

land, as the strikers attempted, sometimes successfully, to block

mail tracks and vans carrying re-

placement workers who were hired

Striking letter carriers broke into

a Montreal postal station last week, overturned mail racks, smashed chairs, trampled on letters and

packages and beat up temporary employees brought in to replace

Sympathetic sorters and other unionized postal workers still

working have said they are deliber-

ately misdirecting some of the mail that is still going through. Leaders of Canada's major

unions have given strong backing to the Letter Carriers Union of

Canada, which is resisting the de-

mands of the government-owned corporation, Canada Post, to scale back the work force and after over-

time and work rules. Faced with a

\$100-million-a-year operating defi-cit by Canada Post, the government of Prime Minister Brian Mulroney

has taken a tough line in negotia-

"Ronald Reagan broke the air trafficciontrollers because the labor movement in the United States stood by and let it happen, but it's not going to happen here." Bob White, president of the powerful Canadian Auto Workers, said as he united the highest fire, said as he will be the control of the powerful canadian Auto Workers, said as he will be the control of the property of the p

walked the picfect line with letter carriers in Toronto on Saturday. The letter carriers, who have adopted the tactic of rotating

strikes partly because they do not have a strike fund, appeared to win

one round over the weekend, when postal management officials called for a federal mediator and agreed

to end the experiment of hiring

replacement workers to help deliver the 25 million pieces of mail handled each day nationally.

Since 1981, Canada Post has decreased its annual operating delicit.

which had been as high as \$440

million mostly by raising postel

stamp, now about 29 U.S. cents

Mr. Mulroney's government has

been attempting to balance the books by closing bundreds of rural

post offices and by eliminating home delivery in some new subur-

ban subdivisions.

more than doubled between 1981

since the strikes started June 16.

violent rotating strikes.

U.S. Marine guard at the U.S. Em- Shotwell said. bassy in Moscow who told military investigators about alleged espionage and sexual exploits of two other guards is being charged with perjury, a spokesman for the Ma-

rine Corps said. Corporal Robert J. Williams, 22, of New York City, is being charged Moscow guard, had been accused with nine counts of making false of espionage, but the corps statements and two counts of perjury, the spokesman, Lieutenant Colonel John Shotwell, said Mon-

March to September last year, and then in Vienna until April, repeatedly changed his statements involv- use and unnecessary expenditure of ing the alleged activities of Ser- investigative resources."

WASHINGTON — A former while being interrogated," Colonel conduct and espionage against a

Sergeant Lonetree is awaiting a court martial on espionage charges stemming from his alleged delivery of classified documents and other items to Soviet agents while posted to the Moscow embassy.

Corporal Bracy, also a former

dropped all charges against him June 12 when it could not develop sufficient evidence. Corporal Williams, who was assigned as a guard in Moscow from constantly changing his accounts.

The corps is charging that by military attorney and will appear before a hearing officer who must Corporal Williams impeded the spy investigation and caused "the mis-

Falls Victim to a Landmark The plan would involve the de-LONDON — A plan to redevel-op the heart of London's financial tected buildings. It was the second district that opponents said would design by a renowned architect have obstructed views of St. Paul's submitted by Mr. Palumbo, and he

Cathedral was dropped by plan-is expected to appeal the planning ning authorities Tuesday. A property developer. Peter Pa-His initial proposal was a glass lumbo, has waged a 27-year campaign to get a modern architectural masterpiece put up opposite the a six-story design by the award-bank of England in the City of winning British architect, James

Japanese Cabinet Backs Plan for Extra Spending

London Redevelopment Plan

net approved the biggest supple-mentary budget in 13 years Tuesday in an attempt to invigorate the economy and defuse foreign criticism of its huge trade surplus.

The draft supplementary budget is aimed at financing one-third of the proposed boost in domestic demand detailed at the Venice summit meeting of the major industri-

The 2.08 trillion yen (\$14.2 billion) budget contains 101 billion yen to buy imports, including two supercomputers, in the fiscal year ending next March, the officials

after the first shock oil price increase, is part of a 6 trillion yen emergency economic package un-

veiled by the government in May. ited the impact of its economic roads.

Compiled by Our Staff From Dispatches packages by juggling its budgetary TOKYO — The Japanese cabibooks. This time, however, such fiscal maneuvers seem to have been kept to a minimum, economists

> The United States has been pressing Japan to stimulate its economy and step up its imports in hopes that this will help cut the U.S. trade deficit, which totaled \$170 billion dollars in 1986.

The 101 billion yen allocated for alized democracies, government purchases of foreign goods in 1987-88 is the first down payment on a three-year program costing 146 bil-lion yen, the officials said.

Most of the imports are expected to come from the United States. Japan's biggest trading partner.

Besides two foreign supercomputers costing a total of 8.7 billion The supplementary budget, the yen, Japan also intends to purchase biggest since that adopted in 1974 13 helicopters worth 7.2 billion yen yen, Japan also intends to purchase and five other aircraft worth 13 billion yen, the officials said.

Under the supplementary bud-(Reuters, AFP) body.

EMPLOYMENT

SECRETARIES AVAILABLE

EDUCATIONAL

POSITIONS AVAILABLE

DOMESTIC POSITIONS AVAILABLE

conduct and espionage against a third Marine, only to contradict and withdraw those charges during

a subsequent interrogation. Colonel Shotwell said that Corporal Williams has never been suspected of espionage himself but that he repeatedly gave conflicting stories as he was questioned about his knowledge of the activities of the others.

The Marine Corps finally decided that the best thing to do was to prefer charges," the colonel said. Corporal Williams will be given a military attorney and will appear recommend whether he should face

For two weeks in April, Corporal Williams seemed destined to begeant Clayton J. Lonetree and Corporal Arnold Bracy, the ment of charges against Corporal spokesman said.

The corps, in its formal state-come the star witness in the espionage trial of a fellow guard at the Williams, disclosed that he had Moscow embassy. The Washington Post reported from Washington.

On April 2, Corporal Williams gave investigators a detailed ac-count of how Corporal Bracy broke down in tears as he was leaving Moscow, describing how an embassy cook had seduced him into committing acts of espionage for the KGB. That, plus Corporal Bracy's own statement of complicity, seemed to make for an ironclad

But then both men suddenly recanted their statements, leaving the case in shambles.

The only known basis for the belief that Soviet agents were pertower. The latest rejection came on mitted into the embassy is the testimony under interrogation provided Corporal Bracy, who initially scribed himself as a "lookout" for Sergeant Lonetree.

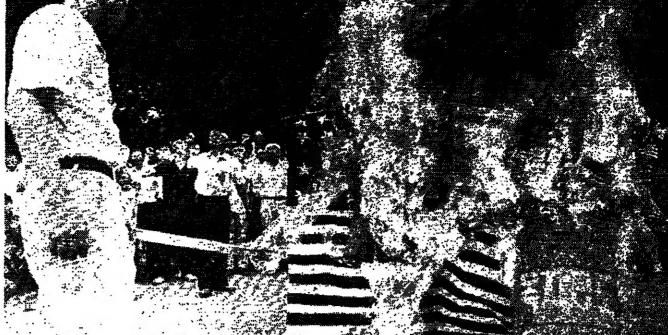
A senior U.S. intelligence official said there is no independent evidence confirming that any Soviet agents were allowed into secret areas of the U.S. Embassy in Moscow

by the Marines.
Like Sergeant Lonetree and Corporal Bracy, Corporal Williams asserted that he was tricked into making incriminating statements during long interrogations. They contended that the use of polygraphs, protracted and threatening interrogations, and the use of various ruses by the agents led them to make false statements. (AP, BP)

Sharjah Sheikhs Agree To Reconciliation Pact

The Associated Press

SHARJAH, United Arab Emirates — Sheikh Abdel-Aziz Bin Mohammed al-Qassimi, who tried to take over the Gulf emirate of Shariah reconciled Tuesday with his brother, Sheikh Sultan Bin Mohammed al-Qassimi, who is the



Students burned effigies of President Chun Doo Hwan and his designated successor, Roh Tae Woo, in Seoul on Tuesday.

KOREA: Chun to Meet Opposition On Thursday, he will meet with Kim Young Sam.

(Continued from Page 1) power plants in Yonggwang, 150 miles (245 kilometers) southeast of

He made his first public remarks on the crisis at the opening.

"Attempts to solve problems by resorting to violent and illegal means will serve no one's interest," he was quoted as saying in local

"In this respect, it is very regrettable and worrisome that violent street demonstrations and riots continue these days," the papers quoted him as saying.

Mr. Chun has said he would step down as president in February. It was the formal nomination by the ruling Democratic Justice Party on June 10 to replace him with Roh Tae Woo, his close associate, that prompted the demonstrations. The White House has been urg-

ing Mr. Chun to avoid emergency sures in coping with the crisis and to solve it through negotiations and compromise.

U.S. television interviewer that "we nated in 1979, and the Yonsei Unido not want to see the military involved" in the crisis.

Mr. Sigur's trip is seen as an effort to underscore U.S. concern over what he has said is an "obviously serious" situation. At the since the protests began but that same time, the United States is con-most had been released. cerned that the visit may raise anxicties about the U.S. role and sug-

About 20,000 radical students at Yonsei University met Tuesday and decided to go ahead with a march Friday in Seoul. A resolution approved at the rally said the students would march on the presidential Blue House and . warned against resorting to martial law or other strong measures.

"From the very moment extraordinary measures are taken," it said,
"we will no longer stick to the pre-sent policy of peace and nonvio-

The National Coalition for a Democratic Constitution, a new opposition alliance that organized the June 10 protests, has called for nationwide "peace marches" in Seoul and other cities Friday but said it might cancel the planned marches if the Chun-Kim meeting produced results.

Political violence in the past two weeks has been the worst since Mr. Chun came to power after Presi-Before arriving, Mr. Sigur told a dent Park Chung Hee was assassiversity rally Tuesday was the largest that local observers had seen in years.

> Police announced Tuesday that 12,686 people had been detained



Kim Young Sam, left, met Tuesday with Kim Yoon Hwan, an aide to President Clum Doo Hwan, to arrange the talks."

VW: Toyota, German Automaker Join Forces on Trucks

country's economic difficulties, while U.S. sales fell 23 percent, to 92,000, largely because of the drop Weizsäcker Arrives in Athens

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ATHENS - President Richard

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He said the authorities had halt-

From Mexico City, the official

Once in the United States, said Mr. Gregi, who has often visited Washington for talks with immiobtain drivers' licenses for the new arrivals. These serve as starting documents necessary to obtain res-

ident-alien status. The official said that with the said, the migrants fly to Tijuana, help of lawyers who specialize in

of Representatives on Tuesday passed a budget for fiscal 1988 written by Democrats to confront ed Wednesday. President Ronald Reagan with a tax increase while rejecting his call for increased military spending and trims in domestic programs.

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billion for the year beginning Oct.

ed Wednesday.

Despite the tax increase, the plan would leave a deficit of nearly \$134

Reagan submitted.

The Associated Press

The \$1 trillion spending plan was promised in the Gramm-Rudman but he has repeatedly threatened to budget-balancing law. However, weto the taxes mandated by the Representatives on Tuesday three Republicans in favor. Final assed a budget for fiscal 1988 enactiment by the Senate is expect
The \$1 trillion spending plan was promised in the Gramm-Rudman but he has repeatedly threatened to budget-balancing law. However, weto the taxes mandated by the Democratic plan would be measure. The Democratic plan states that income tax rates should be approved by a vote of 215-201, with budget-balancing law. However, we to the taxes mandated by the measure action.

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emirate's ruler. gest analogies to visits by U.S. Officials said the brothers agreed envoys in the final weeks before the in a pact ending the weeklong coup fall of the former Philippine presiattempt that Sheikh Sultan is the had been rumored to be consider- period, to 106,000, because of the dent, Ferdinand E. Marcos. (Continued from Page 1) legitimate ruler and Sheikh Abdeling closing it. ket the Hi-Lux pick-up truck in Mr. Sigur is scheduled to meet get, the government will spend 1.76 Aziz is crown prince and managing separately with Mr. Chun, Mr. Roh _ Separately, VW announced In the past, Japan has often lim- trillion yen on such public works as director of the emirate's executive Europe through their distributor-Tuesday that its worldwide sales in and Kim Dae Jung on Wednesday. of the dollar. the first five months of 1987 were Industry analysts said the accord down 3.6 percent from a year earli-LOW COST FLIGHTS may have saved the Hannover fac- er, to 1.15 million vehicles, mainly INTERNATIONAL CLASSIFIED AIRI-STCH COMES TO BUROPEI USA cryrime, \$160 or less, east coast, \$269 west coast) \$229 anywhere else, Paris-103 rue La Boetie (a few yards from Ch. Byweed, 4289 1081, Landon-231 Tottenham Court Rd, 1sr ft. 631-0875 tory. The plant, until 1970 VW's because of a sharp drop in sales in primary source of engines, has been the United States and Brazil. operating at 65 to 70 percent of Mr. Hahn said that Brazilian LONDON - NEW YORK \$195, North American Travel, UK: 01-734-8100. AUTO RENTALS LOW COST FLIGHTS HOTELS MONTENEGRO: For Thousands, a Roundabout Road to a Better Life U.S.A. **ACCESS VOYAGES** One Way F 900 on F 800 F 1750 F 1750 F 1750 F 1750 F 1200 F 1600 F 1200 TUDOR HOTE. New York 500 rooms. Fashionable East Side of Manhattan near United Nations. Reasonable rates. Tel: 212-986-8800 or 800-221-1253, The 422951. videos. Nina, 16, said freedom was these tickets were obtained through eyes, the hosts guide the newcom-F1950 F3640 F3640 F3200 F3200 F2890 F2890 F2890 F2890 F3990 F3900 F3000 living here with his wife and five of greater here, because "you can go the Titograd office of Yugoslav ers to the border and across it. his six children, all born in Ameri-Family bonds are strong among ployees. ca. on a disability pension from ANTIQUES VINTAGE WRIST WATCHES. Best for choice, prices, quality, advice, repairs. Best in the world. Don't buy before seeing our stool Eugene CASTELIA, Watchesoker CARBI-II. Stantoferboother. 199. 8006 ZURCH. SWITZERLAND. Tek 01/361 14 5Z. Albanians, Mr. Gregi said and, al-Chrysler Corp. though they are not highly educated what he called monkey busi-He has added a swimming pool WCRIDWIDE Car shipping & remov-ds ATK, NV, Ankerru 2Z, 2000 Ant-werp, Belgium, 03/231 1635 Tx 31535 TRANSCAR 17 or de Friedland, 75008 Paris, Tel 4225 6444, Nace-9321 3550. Antwerp 233 9785 Connes 9339 4344 to his parents' house and he dreams ed, they are good workers and put ness." But those who operate the of returning to the United States their money aside. They do not connection have found other ways when his children are old enough to hesitate to advance money for Tito- of obtaining the tickets on West Mexico lão de Jan grad-to-Tijuana round-trip air tick- European carriers. work and support themselves. BOOKS In Dosudje, a hamlet of Gusinje, ets to the young men who want to the Gjonbalaj family returned from join them in America. FOR YOUR STATESIDE BOOK Needs, write or phone. BOOK CALL, c/o New Canaca Bookshop, 59 Em St., New Canaca CT 06840 USA. 203-966-5470. Mail orders welcome. Tokyo onel more destinations —
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Buston £156 £552 Brooklyn 18 months ago and built Yugoslavs need no visas to enter where they are met by ethnic Alba- this trade, the new arrivals obtain a four-story house.

Mexico, but they must show the mans who are already American green cards, which legalize their the teen-agers miss New York, but compensate with American et. In earlier years, Mr. Gregl said, the Mexican police to close their 58,000 to \$10,000. WINES & SPIRITS TRANSCO BORDEAUX, for exceptioned buys. Divingrd, 10 rue Marice, 92110 Ci-chy, France (1) 4730 3056, tix 612272 House Democrats Pass Budget That Confronts Reagan With Tax Increase COLLEGES & UNIVERSITIES

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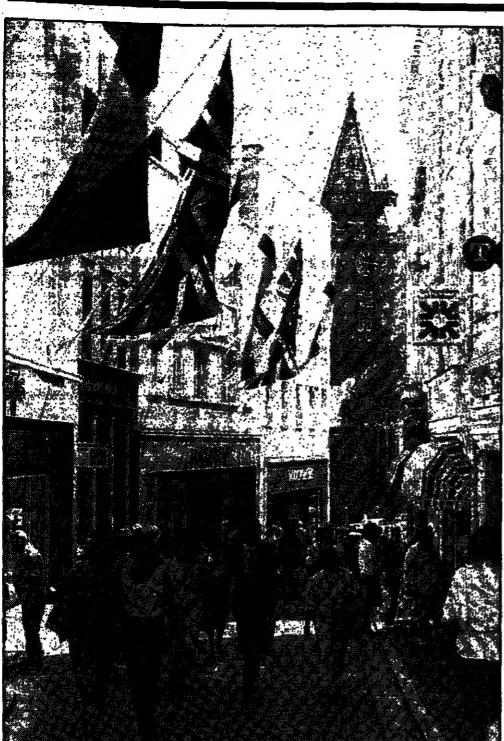
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not be increased. even if Congress passed a tax bill



A view of High Street, St. Peter Port, Guernsey.

Evolution of an Offshore Center

Stability Is Key to Financial Future

The islands are now much more

international finance centers, no

longer dependent on Britain but

altered.

and political stability.

island's 12 parishes.

attracting business worldwide.

By Peter Body

T. HELIER, Jersey — Although part of the British Isles, the Chan-nel Islands had no direct involvement in the recent British general election. A collection of seven inhabited islands closer to France than England, the Channel Islands are not represented at Westminster and the two principal islands of Jersey and Guernsey have their own parliaments, which make their own laws

nd, most importantly, fix their own taxes. Their allegiance is to the Queen of En-gland, who is still toasted in the islands as gaand, who is sain to asted in the Islands as the Duke of Normandy, emphasizing the historical link forged in 1066 between this former part of the Duchy of Normandy and the English Crown.

The British government has no direct say in the internal administration of the islands, although it does look after their defense and foreign affairs, services for which the island-

res have only now agreed to help pay for.

The long debate over a defense contribution in the island's parliaments, known as
the States, highlighted the rather peculiar
constitutional relationship that exists with the United Kingdom.

The British government had requested that the islands help pay for defense, stressing that it was only a request, but pointing out that the islanders benefited as much from the protection of the British nuclear umbrella as do the inhabitants of Swindon or Swansea.

It was the kind of invitation that the islands could not really refuse, and they agreed in principle to make a contribution. although some islanders pointed out that being defended by Britain did not stop them from being occupied by the Germans in

The only stumbling block was how the contribution was to be made, because a direct payment from the islands to Britain would smack too much of taxation without

Some formula had to be found of making a payment while emphasizing the islands' independence, and lengthy discussions followed concerning the possibility of a "pay-ment in kind," ranging in Jersey's case from buying and manning a minesweeper to es-tablishing a search-and-rescue helicopter

breakwater in Alderney originally built for the Royal Navy in the 19th century, and which some people said should have been paid for by Guernsey in any case.

After several States debates, Jersey eventually decided on an initial cash payment of £800,000 (\$1.28 million) with a territorial army unit to follow, representing only a tiny fraction of what British residents pay per head for defense.

Although a basic principle was at stake, many islanders believed that the British government was only asking for a defense

contribution because they could see that the

islands were practically bursting at the seams with money. This was underlined by

Jersey's gift of £5 million to Britain after the Falklands War, which hardly dented the

The island could afford this because of its

Where Jersey and Guernsey were once

known merely as the home of famous breeds

of cattle, they now have a wide reputation as

one of the world's leading offshore finance

centers. They are home to some of the

world's biggest banks, virtually all the top

accountancy firms have offices in the is-

lands, there are probably more stockbrokers

per head than anywhere else in the world

and fund management groups look after

All of this has been achieved because of

stable government and low taxes, but any-

one unwise enough to call them tax havens

are quickly reminded by islanders that, un-

like the Caribbean or even the Isle of Man,

Jersey and Guernsey did not set out to keep

increasing prosperity, based mainly on the

tremendous growth in the banking and fi-

nance industries,

billions of pounds.

The claim is that it was only because of prudent budgeting and being naturally careful with money (some might even say mean) that the islands have been able to provide an efficient administration and a wide range of government services on an income tax rate of only 20 percent, with no value added tax, capital gains or inheritance

Having said that, however, the business partly attracted by low taxation is now so important to the economy that it is incon-

The islanders also point out that, if tax

was the only consideration, individuals and

businesses could do better in the Caribbean

or in other true tax havens. But what helps

to distinguish the Channel Islands from most other finance centers is their economic

This stability results from the islanders'

basic conservatism, although not in the po-

litical sense because there are no political

parties in the islands, except for one mem-

ber of Jersey's States who claims to be a

One overseas banker described the is-

landers as basically good, honest people, if

sometimes a little naive, who are governed

by unpaid politicians saintly enough to give

up their time for the good of the communi-

ty. In Jersey, there is even an unpaid, part-

time elected police force to assist the full-

time professionals and help administer the

The unpaid legislature contributes to the

political stability because most members

cannot afford to run for office until fairly

late in life and there are few young fire-brands pushing for radical changes.

Despite the presence of a sophisticated finance industry, things tend to move at a fairly leisurely pace in these island communities. Directors and administrators of Jersey's 24,000 companies are still waiting for a new Company Law to replace one that dates

back mainly to 1861.

This delay is not through any lack of effort, but because of the lengthy discus-sions that have taken place with interested parties and the desire to provide sufficient controls over people involved in Jersey com-

The authorities have also been busy with a large number of other commercial laws in recent years, such as a Trusts Law, an Insurance Business Law that allows captive insurance companies to be set up, a Security Interests Law that widens the scope forlending and a Data Protection Law.

But the islands have not been slow to realize their potential as offshore finance centers, and finance is now the major contributor to the islands' economies.

A decade ago, the islands could have been more accurately described as tax havens, because they relied primarily on British residents and companies trying to avoid high taxation at home. Now they are much more international finance centers, no longer dependent on Britain but attracting business

from all over the world. Jersey's 54 banks have more than £25 billion in deposits, three-quarters of which is in foreign currencies, and Guernsey's banks bold over £9 billion in deposits. Also, of the 3,040 new companies registered in Jersey last year, two-thirds were owned by individuals and companies resident outside

Nevertheless, some Labor members of Parliament in Britain still complain about the tax revenue lost by the government through the use of the islands by British companies in particular. This campaign is being led by George Foulkes, who repre-

sents a mining constituency in Scotland.

If the Labor Party returns to power, he and some of his colleagues have threatened to do away with the islands' "tax privileges" by altering their constitutional position and, in particular, extending British Company Law to the islands.

It is generally accepted that the House of Continued on page II

International Influx

Banks See Growth in Securitization

By Jane McLoughlin

and analysis of governors. The second

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T. HELIER, Jersey - Richard Le Sauteur, president of the Jersey Bankers' Association, looks back and marvels that since the birth, 25 years ago, of "our financial-center baby," banking in Jersey has reached "a size at which it is seen as a fairy godmother by some, and a monster by others."

In 1973, there were 29 members of the Jersey Bankers' Association. They had a staff of 541 and contributed an average £2,216 (\$3,546) per employee to the States (government) of Jersey. Only four were foreign. Together, they held assets of £1 billion. Today, 58 banking institutions, including 27 foreign units, employ 3,650 people in banks and 2,200 in associated services. They pay an average £10,000 per employee to the States. Banking and financial services now employ 17 percent of the total Jersey work force of about 45,000 in a population of 80,000.

Banking has undergone several cycles of emphasis since Colin Powell, the economic adviser to the States and the man widely credited with engineering Jersey's banking boom, first arrived in the 1960s on an initial five-year assignment to manage the economy.

"Then, when the first merchant banks came in, it was on the backs of people coming out of the colonies with funds they wanted to put in a safe place." Mr. Powell said. "They wanted to move their money back to a British environ-ment, but they wanted the tax advantages of an offshore center.

"There was a build-up of U.K. residents, too, using us for trusts within the exchange control area. So most of the banks coming in were from the U.K. The influx of the international banks started after the scheduled territories were redrawn in 1972, and people wanted to offer a service within the sterling area but not in the U.K. And then in the mid-70s, there was a burst of business on the international loan side, with the attraction of lending where margins were taxed at 20 percent, rather than 52 percent in the U.K. and similar rates else-

That loan business has become a less imporant part of Jersey's banking business, with a consequent drop in total assets held to £25 million. But almost 90 percent of the business on international financial markets is now in securitized form, and though this has led to a decline in the demand for offshore centers to syndicate large loans, some Jersey bankers see scrumization of debt as a future growth area

on the island. In the meantime, though, the main growth area has been in personal banking. Jersey now offers low tax (20 percent across-the-board income tax and corporation tax of £500 a year), political stability and a comprehensive range of fund management services to the high net-work clientele the banking community culti-

Jersey banking is ultra-respectable now. The cid offshore image of the island as a tax haven and a parking place for dubious money has been laid to rest. States' policy and the system of checks at 4 balances as the biggest and most reputable names in international banking watch each other in this small community for any infringement of Jersey's united image jus-

tify the claims of Robin Rumboll, of Coopers and Lybrand, an adviser to the States:

"We have avoided speculative and highhigh standing."

Brian West, assistant manager of Lloyds Bank in Jersey, said: "The clearing banks have responded to the changing demand and now provide the full range of products to meet the needs of an international clientele. This exists side by side with the traditional domestic banking services required by our residents and tourists. There is no shortage of new business and we can therefore afford to be selective

Banking has reached 'a size at which it is seen as a fairy godmother by some, and a monster by others.'

about what we accept. For instance, we are very conscious of the problem of 'hot' money. If we're uneasy about a large sum of money or can't take up references, we turn it away. And that route of greater selectivity may well be our response to the shortage of resources. The staff we recruit and train here are very highly skilled —indeed, 20 percent of all those who pass the Chartered Institute of Bankers Trustee Diplo-

ma are from Jersey." This reputation has been won in spite of the ease and the apparent lack of bureaucracy involved in setting up banking services in Jer-sey, particularly in trust administration and fund management, which are booming through the growth of private banking.

Deposit-taking bank services must provide accounts to the States, but that is the only aspect - and the extent - of licensing. The weeding out of dubious business ventures comes earlier, for the States has given banking room only to the more reputable internationa names. They preserve the integrity of the banking community by rathlessly screening poten-tial new business in Jersey under the Regulation of Undertakings Law.

"It amounts to a license for new business," Mr. Powell said. "If someone comes and wants to set up here, and we do not think them suitable, we use that law to prevent them getting in at all."

The Jersey Institute of Bankers, which has an educational function, puts 200 to 300 high

school graduates through the advanced trust administration and fund management courses now offered at the Jersey College of Further profile investment schemes, and have therefore Education. The States may also contribute to suffered no collapse of market. We now offer a the cost of residents' training abroad. But there remains a gap between supply and demand. and the banks are trying urgently to cooperate with the teachers both in supplying bank per-sonnel to teach and training teachers in the

> For Jersey's technological revolution in banking could be a two-edged sword. While existing employees must learn to be more productive with the limited resources they have. there are already signs that costs in the City of London could become so high that international banks (particularly those with few existing European outlets) could center operations in the Channel Islands, with instant electronic links to the world's financial hubs.

> Electronics make it possible to operate in London, Tokyo, New York and Frankfurt from the islands. The recent move by a Canadian bank, Dean Witter, out of London and into Guernsey is seen as the start of just such a

> So it is success that raises the only faint clouds over Jersey's banking boom. There is no shortage of business, but the banks are beginning to be selective over the type of business they want. They are already moving away from low-profit, labor-intensive activities. But the Jersey banking community must also continue to expand within the bonds of its limited resources. There is an American market to be wooed away from Switzerland; the Far East,

> too, offers opportunities for growth. "Japan is a very important market, and I think Jersey banks will point more funds that way, though at the moment Luxembourg has the advantage of being co-members with Japan of the OECD," says David Humpleby, of Hill Samuel, merchant bankers. "But several Jersey banks now have links with Japanese finance houses, and I think others will also take on Japanese pamerships."

Banking in Jersey is going to have to get more out of existing resources," Mr. Powell said. "We have not closed our doors to new banks, but development must be in the whole island's best interests. It's a question of whether to use resources to expand existing activities or to introduce new ones. We feel that new business must offer something that provides a diversification on what already exists."

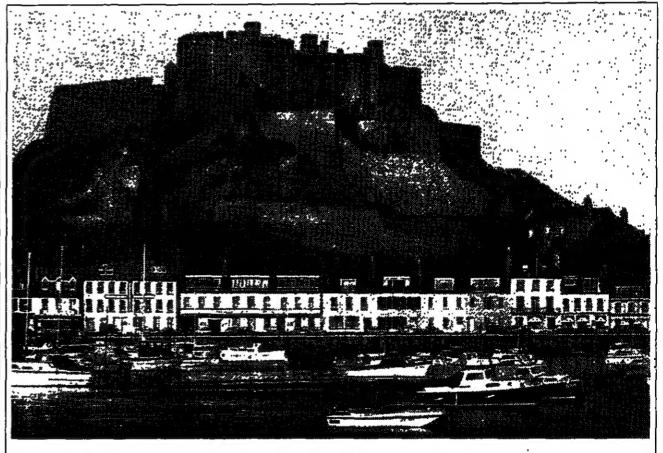
One such diversification is building societies (home finance institutions), and the Abbey National has been negotiating for one of the few ways of entering the Jersey market place now — by acquisition.

"U.K. building societies can now tap over-

seas funds, and expatriates who have a tradi-tion of placing funds with them could want representation of their traditional function here, mainly in collecting deposits; so we will cover any such niches as they arise," Mr. Pow-

It is clear that among Jersey bankers, the customer is king. And as they can pick and choose their clients, only those with a king's ransom are going to qualify to be customers.

JANE MCLOUGHLIN, a journalist specializing in economics and industry, contributes to The Guardian and The Daily Telegraph.



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Without the tourist trade and the wide

range of sporting amenities, many of the

facilities that make the islands attractive as

By Willa Murray

T. PETER PORT. Guernsey - More than a mil-lion people visit the Channel Islands every year to whom the financial activities of St. Helier and St. Peter Port mean nothing. They come for the sea, the scenery, the sport and the interest of exploring these fascinat-

ing outposts of the British Isles. Tourism remains a mainstay of the islands' economies, directly, by supporting hundreds of mainly family-run hotels and guest houses, and indirectly, by the money and employment it spreads throughout the whole community.

Without the tourist trade many of the facilities that make the islands attractive as financial centers would not exist - the yearround daily air links with the British mainland and France, the four-star hotels and gastronomic restaurants, the wide range of sporting amenities and cheap car rental (as little as £4 to £5 [\$6.40 to

\$8] a day in Guernsey).

Annual visitor spending in Jersey is estimated at around £200 million and in Guernsey at £65 million, with tourism accounting for 37 percent of Jersey's gross national product and 24 percent of

In the smaller islands of Alderney and Sark, tourist trade is the

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CANADA

main economic support apart low-cost package holidays to from the revenue generated by well-to-do settlers. Before the emergence of the off-

financial centers would not exist.

shore finance industry, selling vacations was far and away Jersey's biggest business. In Guernsey, it tended to take second place to horticulture, but with the decline of the tomato trade as the European Community opened up the British market to Dutch competition, tourism has moved well ahead of horticulture as an export

Up to the 1970s, the Channel Islands were able to count on a loyal holiday market in Britain, where they had the image of being sunnier and more exotic than home resorts and something of a duty-free paradise.

Since then, they have had to face growing competition from

Mediterranean and North African esorts. The trend is for the Channel Islands to become increasingly a second-holiday and short-stay destination for the British.

The islands have responded by looking to the Continent for more of their trade. Jersey has its own tourist office in Paris, as well as in London, and Guernsey has made a particularly strong drive in the Netherlands.

the islands now have direct flights in the tourist season from Amster-dam. Düsseldorf, Frankfurt, Geneva and Zurich. Car-ferry services operate from St. Malo to Jersey and Guernsey, and from Cherbourg to Guernsey, while hydrofoils and other passenger ferries link them with the Normandy and Brittany coasts.

Today, Jersey draws about 20 percent of its visitors from non-British markets, and Guernsey about 15 percent. But the islands' tourism prosperity remains over-whelmingly tied to the British market, where they still have a strong appeal as no-passport holi-day destinations that combine a whiff of France and low-duty, VAT-free prices with a reassuring-ly familiar English environment.

After a disappointing early sea-son last year, the Jersey Hotel and Guest House Association commissioned a £25,000 survey of the industry from accountants Deloitte Haskins & Sells. Although critical in many respects of the island's marketing efforts, the report was optimistic about the holiday product itself, which it saw as placed to meet the potential demand in the European travel mar-

Due shortly is another report, commissioned this time at a cost of £50,000 from consultants Pannell Kerr Forster Associates by Jersey's Tourism Committee. This will set out a five-year plan for developing the island's tourist

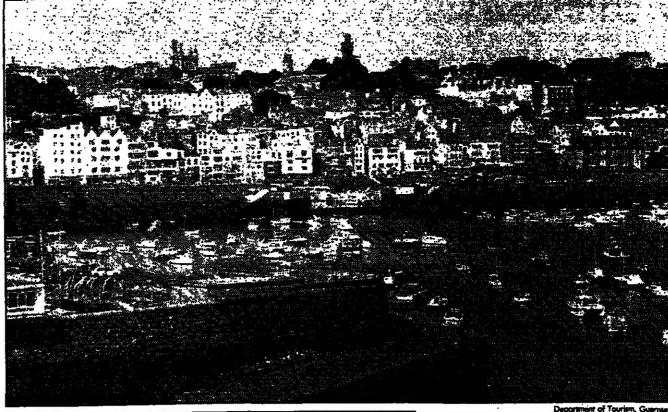
Despite their fine beaches and spectacular coastal scenery, the islands accept that they can no longer rely just on their natural beauty to draw tourists. They are more actively promoting attractions such as Jersey's internationally famous zoo and Victor Hugo's bizarre home of exile in Guernsey.

They are also making more of their surprisingly rich historical heritage, which stretches from Neolithic sites and evidence of Roman occupation to medieval castles, Napoleonic forts and owers, and the massive fortifications left by the Nazi invaders.

Many more special events are being organized to supplement traditional spectacles like the Battle of Flowers. Jersey stages a spring festival, a good food festival, a France-Jersey festival and a floral week, while Guernsey competes with dance festivals, a powerboat week, a chess festival and, for the first time this September, a two-week "arts and fun" festival.

With the opening this year of a new 820-benth marina, Guernsey is making a special effort to exploit its natural asset — the sea. The island will be the main sponsor of the 1988 International Boat Show in London and is to host the World Class I and II powerboat championships.

WILLA MURRAY is a journalist



Three faces of the Channel Islands that predate the banks and stockbrokers: St. Peter Port, above. the chief town of Guernsey; a Jersey beach with its martello tower, and chrysanthemums ready for export.



Political Stability Is Key Link to Financial Future

Continued from page I

Commons does have the reserve powers to legislate for the islands in the interests of good govern-ment, but by convention built up over centuries, it has not done so.

The islanders also believe that it is inconceivable that the British Parliament, in which they are not represented, would seek to alter their constitutional position against

With democratically elected

parliaments, the islands also clear-ly have the option of breaking away from Britain altogether if they wanted. They have already looked at the possibility of severing the monetary union that exists between them and Britain, just in case a future British government decided to reimpose exchange

Up to this year, any exchange controls would have been auto-matically extended to the islands under British law, but one of the last acts of the Conservative administration before the June 11 election was to repeal this law, and even the Labor Party has said it would not want to use exchange

terference from Britain is the sig-nificant contribution the islands' finance sector makes to the British balance of payments position and the level of foreign earnings. Several years ago, it was estimated by William Clarke, then the directorgeneral of the British Invisible Exports Council, that Jersey alone contributed more than £100 million to the balance of payments,

and this figure will have increased

considerably since then.
So far, the islands have been able to avoid any major financial scandals and have increased their reputation. As Colin Powell, the economic adviser to the States of Jersey, says, there are many rea-

MIM BRITANNIA

cinding stability, good communi-cations, proximity to the City of London and a high standard of professional services.

"But a key factor in recent years has been the reputation of the is-lands as a center that offers high service standards," he said. The islands have avoided the

adverse publicity attaching to many other offshore centers, die in large part to the policy pursued of only approving new banks, trust companies, offshore funds, etc., related to first-class names of international renown."

But there is always the possibility that the all-important reputa-

tant, the system is vulnerable to abuse by criminal elements.

The immdering of the profits of drug dealers is a distinct possibility, but no evidence has been produced that this goes on to any extent. A House of Commons committee that visited the islands last year said it was satisfied that the authorities and the finance industry were as keen as anyone to. avoid handling dirty money.

Both Jersey and Guernsey are introducing legislation to allow the confiscation of the assets of drug dealers and provide for more losure of information from financial institutions where the han-

Similarly, the authorities are lanning legislation to ensure that Jersey and Guernsey companies are not used by insider traders in Britain or elsewhere to hide their illegal profits in share dealing. The new law will enable inspectors to be called in to investigate local companies where there are complaints of insider dealing. But the use of any information will be strictly limited, because the authorities are anxious not to destroy the islands' reputation for

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confidentiality. An even more significant threat to the continuing prosperity of the Channel Islands is the need to curb immigration and restrict growth in order to protect the environment and way of life. Efforts are being made to dampen down an overheated economy by sestricting the creation of jobs, which is seen to be the key to

limiting the influx of people. Many of the people coming in are considered essential to service the increasingly complex and so-

The finance committees of both Jersey and Guernsey believe that there is still plenty of scope for growth through increased comp crization, the more efficient use of resources, particularly manpo and an emphasis on only the most profitable business.

Guernsey's Advisory and Fi-nance Committee recently warned that there were some institutions on the island employing staff and other resources "without bringing commensurate benefit to the is-

land." "It would be ironic if manage ments in the finance sector were to turn away repeatedly business which was both sound and profitable, for lack of resources, with commensurate loss to the island's revenue, when valuable resources are being taken up by those who use the island for their convenience while providing little or no

return," the report said Jersey's finance president, Senator Reg Jenne, has gone to great lengths to assure businesses that despite immigration problems, the door is not closed completely and that new businesses and people will be allowed in if they are shown to be of sufficient benefit to the island as a whole.

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Prudence Guides Bulging Treasury as Bank Sector Fuels Economy

By Peter Body

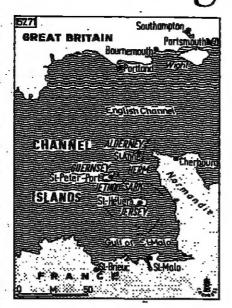
T. HELJER, Jersey — For many years now, the president of Jersey's Finance and Economics Committee has had a problem at budget time unlike any facing other finance ministers.

His problem has not been primarily trying to raise additional money in order to balance the budget; it has been to try to curb public spending when the budget figures continually show huge surphises. It has not been easy to persuade government departments and public em-ployees to reduce their demands on the exchequer when there is so much money readily available.

The fact that he does try to force restraint and caution on the island at a time of prosperity, shows the prudent way in which the financial affairs of Jersey and Guernsey have been handled in recent years.

The warning constantly given by finance presidents is that they have to resist spending too much so that there is enough money to put away for a rainy day when the economy might not be so buoyant. They are well aware that the

major sectors of the economy, such as banking and finance, are vulnerable to outside factors. So far, there is no sign of any downturn, and no place has gained more from the worldwide



expansion in service industries, particularly financial services, than the Channel Islands. Had their economy been based on manufac-

turing to any great extent, they would have

Kingdom and most of Europe.

But manufacturing accounts for only a small percentage of gross national product, while services, particularly banking and finance, are the mainstays of the economy.

Whereas other economies with a large manufacturing base have been suffering unemployment of 10 percent or more, Jersey's unem-ployment is negligible, and it is estimated that there are only about 50 long-term unemployed in Guernsey out of a working population of

The population is also generally better off than its neighbors, and the latest available figures show Jersey's per capita GNP in 1985 to be about £7,000 (\$11,200) compared to the U.K.'s £5,400.

Finance has now overtaken tourism as the most important contributor to GNP, accounting for nearly 40 percent in Jersey and 35 percent in Guernsey, with tourism contribut-ing 37 percent in Jersey and 25 percent in

The exchequers have also benefited greatly from the increasing profitability of financial services. Pretax profits of the banks in Jersey in 1985 amounted to £88 million, or £1,100 per head of population, and £49,000 per employee. If the other areas of finance, such as trust and fund management companies, are included, the profit figure was about £120 million. Guernsey's banks are similarly profitable, and produced pretax profits last year of £47 million, or about £800 per capita.

As Guernsey's most recent Economic Report says: "The world boom in financial services has meant that finance sector profits have been the major contributor to increased GNP. Finance sector profits in 1986 are likely, other things being equal, to yield in excess of £19 million in tax revenues to the States of Guern-

sey (about one fifth of the total)." Although the finance industry is generally blamed for causing excessive immigration, its profitability is also growing faster than the number of people employed in it. In Jersey's case, the number of people employed in the banking industry in 1985 was 9 percent up on the profitability of the percent of the previous year, but profit per employee increased by 17 percent. The additional tax revenue produced has

enabled both Jersey and Guernsey to finance major capital projects, considering the total population is only 140,000 and the level of vernment services are generally as good if not better than most countries in Europe.

Despite the calls for restraint, the budget approved for this year in Jersey includes revenue spending of £172 million, up £10 million on last year's estimates, with the biggest spend-ing committees being Public Health and Edu-

In addition, a further £28.4 million has been

approved for capital projects, including £9 million toward buying land and building houses, which is considered a priority.

Jersey is also in the process of reclaiming land in order to build a new harbor costing £15 million, and £12 million has just been spent on the island's most complex building, an extension to the general hospital.

Even more could be spent, of course, but there is a marked reluctance to spend more money rather than build up reserves. Thus, Jersey's social security plan, while providing benefits in excess of most of those in the United Kingdom, is strictly a "pay as you go" plan where contributions match benefits and there is only a small amount of topping up

Government departments in Jersey such as the post office, telecommunications and the harbors and airport, are also treated as trading concerns and are given profit targets to meet. Up until recently, they had to pay a commercial rate for borrowing money from the exche-

Even though States' spending increased by four times the rate of inflation in Jersey last year, revenue has also been buoyant thanks to

the finance industry.

Last year's tax yield will probably increase by 12 percent, and even though record spend-ing is planned, the current president of finance, tor Reg Jeune, was able to increase tax allowances by more than inflation so that a couple with two children and a total income of £10,000 pay only £360 in income tax in Jersey

compared to £1,100 in the United Kingdom. Even then Senator Jeune was able to put an extra £10 million into a new strategic reserve, and available reserves now total £54 million,

which is still too low, he says. Although Guernsey is less prosperous than Jersey, and the finance industry not as large, a similar buoyant picture was painted in their recent budget when the surplus was twice what

This prosperity is shared by industries linked to the finance sector, and the construction industry in particular has been described as the barometer of the economy

Large areas of both St. Helier in Jersey and Peter Port in Guernsey now resemble parts of the City of London, instead of very small provincial towns, as banks and other financial nstitutions build new headquarters. Chase Bank in Jersey, for example, has just moved into new offices at a cost of £10 million, and demand for new office accommodation is being reflected in rentals, which almost doubled three years.

This growth is unlikely to continue as attempts are made to dampen the economy and curb job creation, but there are no signs that the Channel Islands bubble is about to burst.

Breadth of Financial Services Is Growing

T. HELIER, Jersey — More offshore funds are run from the Channel Islands than anywhere else in the world, which is a good indication of the tremendous growth in the islands' financial services in recent years.

Fund management groups, such as Fidelity, MIM Britannia, Save and Prosper, Warburgs and Hambros, manage more than £3.5 bil-lion (\$5.6 billion) of investors money in Jersey, and the Guern-sey figure, which is unknown, is thought to be well in excess of £1

Fund management is only one important part of increasingly wide financial services offered to individual and institutional investors virtually anywhere in the world, and between the two is-lands, they probably provide the widest range of any offshore finance center in the world.

This has happened only in thepast 25 years, when London merchant banks started to establish offices in the islands to service mainly British clients after the repeal of an ancient usury law that had restricted interest rates to a maximum of 5 percent.

uture

The first to arrive in Jersey was Hill Samuel, which was followed closely by Kleinwort Benson and then the first foreign institution, Royal Trust of Canada.

As the president of Guernsey's advisory and finance committee, Conseiller Roydon Falla - who is the equivalent of minister of finance — noted recently: The number of politically stable offshore centers, with good commu-nications and a sound infrastructure, has been steadily

In contrast, Jersey's economic adviser, Colin Powell, said that the reputation of the islands has been enhanced in recent years.

"Where Jersey has advanced most particularly in its standing as a finance center has been through its growing international reputa-

Although Guernsey was a little later on the scene and picked up several institutions that could not get into Jersey, it is now in a simi-

The services they offer have de-veloped from simple bank deposit accounts in sterling to a comprehensive range of savings and investment accounts in virtually all major currencies.

Because of staffing problems, bankers have had to tailor their services to their staff numbers and not the other way around. Kleinwort Benson in Jersey, for example, has dropped several less prof-itable retail banking services, such as the issue of travelers checks, and the minimum deposit size has been raised from £1,000 to £5,000.

But there is plenty of this business available, according to the general manager, Richard Le Sauteur, who is also president of the 54-member Jersey Bankers' Asso-

"The impression going around is that Jersey is full, but we are never full, and there is still room for growth, although there has been a shift of emphasis," he said.

Robert Lindell, managing direc-tor of Chase Bank and Trust Company (CI) Ltd., said that they have drawn up plans for well into the 1990s, which show continuing

A worldwide decline in syndicated loan business has affected Jersey, but as a substitute, the island has been used for a few Eurobond issues.

A particular growth area, however, is private banking for what is prosaically called, "high net worth individuals." Most major banks in the islands, such as Citibank, Chase, the Hongkong Bank, Bank-ers Trust and Manufacturers Hanover, now offer private banking

As an indication of the growth in asset protection, the HongKong Bank recently established an international trustee group and chose Jersey as the financial control center for this global service. Its Jersey trustee company is second only to the one in Hong Kong in

Trusts and trustee services have always been an important feature of the islands' finance sector. There has been increased



Richard Le Sauteur.

growth in this area following the introduction of a trusts law in Jersey in 1984. Guernsey does not yet have a law on trusts.

Jersey trust companies are so profitable that a number of outside financial institutions, such as the Hong Kong group, Jardine Matheson, have recently been buying imo local companies and paying up to 10 times annual earn-

Stockbrokers, such as James Capel, Houre Govett, Sheppards and Buckmaster and Moore, which all have offices in the islands, have widened their horizons following "Big Bang" in the City of London, and James Capel (Jersey) Ltd., has recently announced that it was opening offices in Mo-naco and Gibraltar to service foreign residents. But because of immigration restrictions, brokers are what business they do in the is-

For example, the Holborn Cur-

The islands were the first to develop 'roll up' currency funds that converted highly taxed income into lower taxed capital gains.

rency Fund, set up by the Prudential group to offer investment op-portunities in leading currencies, is based in Bermuda but managed

in Guernsey. Nearly all of the 30 or so offshore funds investing in U.K. government securities are based in the Channel Islands, with the biggest MIM Britannia's Jersey Gilt Fund, having more than £200 million under management.

The islands were also the first to develop "roll up" currency funds that effectively converted highly taxed income into lower taxed capital gains. These were so successful and popular with U.K. residents that the Inland Revenue stepped in and reduced their tax benefits for U.K. investors.

But this did not mark the end of the roll up investors, as some people had predicted, and overseas investors, particularly expatriates, concerned about currency fluctuations or wanting to take advantage of currency movements, have put millions of pounds into these The latest development is the umbrella fund, which was

launched by Gartmore Fund elective about er groups. With a single invest- inves sub-funds concentrating on differ-

ent investment markets. Gartmore's Capital Strategy Fund, as it is called, offers 21 types of investment and has attracted more than \$500 million.

Another interesting development is the choice of Jersey as the headquarters for development capital specialists Berkeley Technology LTd., which recently changed its name to Berkeley Govett after acquiring the U.K. investment group. It has used the island to launch several funds investing in U.K. emerging technology companies, including the first joint venture of its type with a

large U.K. life insurance group. Jersey and Guernsey funds are not restricted in their investments in the same way that U.K. authorized unit trusts are. However, according to Jersey's commercial relations officer, this does not mean that they are any less strictly supervised.

Jersey and Guernsey are now working on new legislation to protect investors in island-based funds, or any fund with island

This legislation is particularly necessary because of Britain's new Managers in Jersey in 1985 and Financial Services Act, which will since then has been copied by oth- restrict the marketing of collective ment, it allows cheap and conve-nient switching between various tection standards.

The Channel Islands hope that

their laws will provide enough protection to satisfy U.K. authorities so that their funds can continue to be marketed in Britain.

They are also considering what to do when new standards are applied to collective investment

"Jersey's regulatory objectives are and must often remain wider than those of larger countries, Mr. Syvret wrote recently in the Finance in Jersey publication.

The draft Collective Investment Schemes Law, which will shortly go to the Assembly of the States, Jersey's parliament, will prohibit any Jersey-based individual or institution from acting as a functionary of any investment plan wherever it is situated, unless it has permission from the island au-

In the case of a unit trust, both the manager and the trustee would be separate functionaries.

A similar law is planned for Guernsey, which has gone further by establishing a separate Finan-cial Services Commission to supervise collective investment

Peter Body



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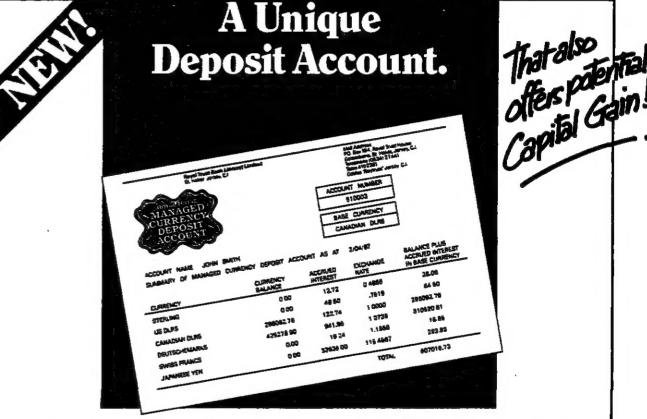
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Jersey vs. Guernsey: In Offshore Insurance, There Is No Competition

By Jane McLoughlin

T. HELIER, Jersey — Al though Jersey and Guernsey are competitive in many of the financial services they offer, there is no contest in the insurance business. In now it permits only those within

tor generating about £200 million (\$320 million) in annual premiums; in Jersey, it is embryonic and thought unlikely to develop.

It was not until 1983 that Jersey even allowed the incorporation of insurance companies, and even

the captive business or involved in third party reinsurance. The conlarly in the last 10 years with the cession was not aimed at tapping 4 new source of business but to enable the international financial groups on the island to offer a

complete range of services. On Guernsey, though, insurance has been an important sector

boom in the captive insurance industry. This has pushed Guernsey into the position of the world's third largest offshore insurance center, after Bermuda and the Cayman Islands.

Risk managers selecting a base for captive insurance operations were attracted to Guernsey because it is in the same time zone as London, where the world insurance business centers around Lloyd's of London. And the island offered the advantage of a quick set-up time. A recent newcomer to Jersey from the United States says that setting up an operation in London would take at least one year, but that they were in business within six weeks in Guernsey.

But tax advantages must still have played the greatest part in Guernsey's boom in captive insurance. This is the name given to shore by large industrial and commercial companies, primarily to insure the risks of the parent

In Guernsey, if an insurance company is a wholly owned subsidiary of another company and insures only the risks of its parent or other wholly owned subsidiaries, the tax administrators consider the insurance activities of a mu-

Risk managers were attracted to Guernsey because it is in the same time zone as Lloyd's in London.

Even when such a company does obliged to register under the new do third party insurance business as well, the underwriting profits of the two functions are split for tax purposes and the profits from mutual trading not subjected to tax.

The absence of value added tax can also keep down the normal costs in settling claims.

Exact figures on the numbers

involved in Guernsey's captive insurance operations are not expected before the end of this year. when the regulatory effects of the 1986 Insurance Business Act will provide fuller information than companies have previously had to provide. Guernsey has had little formal infrastructure in regulating the insurance industry, and the figure of 170 companies is a best guess. But from Jan. 1 this year,

Late last year, the island states appointed their first supervisor of insurance business to be responsible for administering the new law. As well as registration, this requires companies to meet new regulations over the licensing of companies, capitalization, solvency, approval of officers and managers and inspection of accounts.

panies must maintain a solvency margin of 18 percent for the first £5 million of premium income, and 75 percent must be invested in approved assets. These include equities and Eurobonds as well as bank deposit funds.

From now on, insurance com-

These regulations will make statutory a system of checks and balances that Guernsey's insur-

tation depends on integrity. But recently, several prestigious captive operations have set up in the Isle of Man rather than Guernsey.

This reflects concern over a possible weakness among Guernsey's strengths in expertise and highgrade professional back-up from advocates, accountants and bankers. The question mark is over the availability of skilled, trained

Many captive insurance companies can operate on a handful of staff, but the large projects like some of those moving to the Isle of Man — which include British Gas, Wimpey and Jaguar — may need 10 times the numbers. With a continuing policy to limit immigration — although this is not as onerous as in Jersey — and pres-sure on manpower available from a growing banking and trust sector, there is a fear that too much essure could be put on the is-

land's finite resources. Guernsey's risk managers and insurance brokers are aware that they have to allay fears that the island has reached saturation point in order to attract continued growth in the captive market. Such companies will continue to seek a center like Guernsey where the jurisdiction does not force them to comply with all the requirements

tarily, with few obvious abuses, in recognition that its business repu-

The lower costs involved (through savings on tax) are also attractive while terrorism and world political instability push insurance rates higher and higher in some classes.

And the business keeps coming. Sabre International, backed by Middle East and U.S. interests, has recently set up in Guernsey with fully paid up capital of \$10 million. It will concentrate on underwriting aviation business worldwide and will be managed by Transglobe Underwriting Management. The latter already manages Polygon Insurance, whose principal shareholders are the Scandinavian Airlines System, Swissair and KLM. This was originally a captive but now draws 90 percent of its net premium income

from third party underwriting. If Guernsey has been helped in its development as a center for captive insurance because Jersey never entered the race, then it will not suffer now from an increase in competition. Jersey's successful financial center is equally under pressure from lack of resources of trained technical staff. While making the most of existing business is the most obvious way to increase productivity and cope with growth, Guernsey has the insur-

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Tax Haven: Fighting an Unwanted Label

By Edward Owen

T. PETER PORT, Guernsey — Official spokesmen in Jersey and Guernsey insist that the islands should not be called tax havens because they have never manipulated fiscal policy to entice off-shore business. Their low-tax economies, they say, have evolved naturally to serve the needs of small - and originally simple -

If the islands have been sought out as refuges for the wealthy and as financial centers, it is argued, this has been due to the tax burdens imposed elsewhere, not to anything done locally, where income tax has been unaltered at 20 percent in Jersey since 1940 and in Guernsey since 1960.

Largely, this claim stands up, even if Guernsey's decision 27 years ago to drop its standard income tax rate from 5 shillings and 2 pence to Jersey's level of 4 shil-

lings to attract more retired Brit- 1974. The increase brought dire ons might be seen as a move to become a tax haven.

Recently, too, Guernsey has started giving tax-exempt status to locally managed offshore funds, and in both islands the tax laws have clearly been interpreted in a way very helpful to offshore finan-

Historically, however, the Channel Islands' emergence as fi-nancial centers owed much more to Jersey's abolition in 1962 of a usury law restricting interest rates to 5 percent than to any fiscal

The islands' tax structure is uncomplicated. Income tax is charged at 20 percent both on corporations and individuals, regardless of the level of earnings, and there are no capital taxes, death duties or other levies.

Companies can apply to be treated either as controlled within Jersey, Guernsey or Alderney (Sark is a separate entity) with liability to local income tax, or as nonresident, paying only a £500 (\$800) annual fee known as corpo-

The tax was raised to £500 this have urged the authorities to end year after standing at £300 since this by giving nonresident compa-

warnings of corporate business migrating to cheaper jurisdictions, such as Panama, but so far this does not seem to have happened. The decision to raise corporation tax was taken in consultation with the Isle of Man, though that rival offshore center has undercut the

The feudal isle of Sark, which has no income tax and no company registration, nevertheless, features largely in the Channel Islands' finance business because of the corporation-tax system. To claim nonresidency, companies must have a majority of nonlocal directors and hold board meetings

Channel Islands by £50.

outside the fiscal area. Sark has proved an ideally convenient location for this purpose, and quite a few of its 520 inhabitants make comfortable incomes by acting as directors and signing papers for visiting bankers, law-

yers and accountants. Many financiers in Jersey and Guernsey are worried about the bad international publicity caused by this so-called "Sark Lark" and Two hallowed principles govern

Channel Islands budgetary policy: not to raise income tax and not to run into national debt. Virtually the only negotiable factor is the rate of indirect tax-

ation -the duties of impôts levied on liquor, tobacco and fuel, which the islands have managed to keep well below the U.K. level. Reflecting its prosperity, Jersey

has been generous with income tax allowances and islanders do better in this respect than their U.K. A married couple with two chil-

dren can earn up to £8,800 without paying tax. Guernsey, whose tax rates also apply to Alderney, de-cided it could not afford to improve allowances in 1984, but was able to do so in the past two years to bring the tax exemption level for a couple with two children to £8,200.

The buoyant tax revenues gencrated by the finance boom -which the islands have repeatedly underestimated — have allowed Jersey to build up a strategic reserve fund over the past two years

nies straightforward tax-exempt of £20 million, bringing total reserves to £72 million.

Guernsey has recently added £5 million to a contingency fund started last year with £2.5 million. The aim of both islands is to have "rainy day" reserves amounting to 50 percent of gross revenue expen-

Public projects, such as a cur-rent £16 million land reclamation project in Guernsey or harbor ex-tensions costing £15 million in Jer-sey, are normally financed out of accumulated funds.

Guernsey's Post Office, Telecommunications Board and Electricity Board are run virtually as trading corporations.

The prudent Channel Islands, which see budgeting for a surplus as a safeguard of independence, seldom have recourse to the commercial money market. One of the occasions is likely to be for a projected electricity cable link between Guernsey and France, where the Electricity Board plans. to seek a syndicated loan of up to £26 million from local banks.

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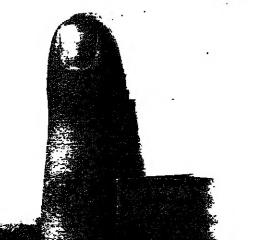
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By Jane McLoughlin

T. HELIER, Jersey — Jersey has no capital gains tax, no wealth tax, no capital transfer tax and demands no stamp duty on the creation of a trust, which can help the wealthy who are subject to some or all of them in their own countries to existing their liability.

mitigate their liability.

In the United Kingdom, the Channel Islands have long been seen as tax havens both before and after death. This is why, before the doors and after death. This is why, before the doors were virtually closed on immigration, a number of wealthy Britons went to live in Jersey. But more recently, with new residents restricted to five members of the "million minimum this" a year, Jersey has developed a booming brisiness in behavior represedents remark their business in helping nonresidents protect their assets against tax through Jersey trusts.

As long as one of the minimum two trustees is resident in Jersey, and both the settlor and the beneficiaries of the trust are not, such trusts effectively avoid any tax at all.

At the same time, the trust offers anonymity, useful where declaration of wealth by settlor or beneficiary is required under exchange control regulations (the trust document does not have regulations (the trust document does not have to be stamped or registered, and the identity of neither settlor nor beneficiary is made public.) But most important of all to the high network clientele that Jersey attracts, the settlor can, through a letter of wishes, effectively retain control over the administration of his assets.

Jersey has thus developed a concept of trusts that has introduced the idea to Europeans who, unlike the British, had traditionally made little use of them. The advantage of having assets

use of them. The advantage of having assets located in a Jersey trust is that it is not subject to the laws of the country where the settler lives. This is not just in terms of death duties. Some countries, such as Spain, have strict rules on how money should pass to people within families, regardless of the wishes of the deceased. With a trust in Jersey, there is no need for probate; the trust simply continues as be-

In 1984, Jersey introduced its first Trust Law, in order to cover the requirements of the British Financial Services Act of 1986 and the European Community's Fifth Directive on Undertakings for Collective Investment in Transferable Securities. This makes statutory standards of administration, which the Jersey Assembly of the States' careful screening of practitioners already met. However, the aim was perhaps more to deal with the "retail" side of trust administration, unit trust and fund

Since Jersey trusts have developed into a convenient way of controlling assets through trustees, there has been a considerable increase in the fund management business. Such a clientele is usually wealthy, for with assets of less

W. Ser

100

than £100,000 (\$160,000), the annual fees of about 10 percent invalidate the tax advantages. But the anticipated growth in this aspect of fund management depends entirely on Jersey satisfying the legal requirements for designated territory status so that its unit trust funds are

marketable in Britain and the EC. So far, Jersey has been able to market unit trust funds in Britain by circumventing the regulations in the form of open-ended trust companies, which could have the prospectuses and shares that made them marketable in Brit-ain. But this method of marketing offshore funded companies will be stopped later this year, and Jersey's continuing business depends on being accepted under the new rules.

This sector has grown fast through Jersey's flexible response to the changing demands of

and thus avoid being locked into a particular falling murket.

Clearly, in such a climate maximizing the potential of unit trusts depends on new technology. Stockbrokers, many of them branch offices of the famous London names, have moved to Jersey with the advantages of a link with the stock exchange electronic market-place; the merchant banks, and the big international names in unit trusts on Jersey have the latest research information and market movements from overseas headquarters on the wire. The fund management sector depends on ever more sophisticated computer systems and this leads to the universal outcry in Jersey: trained

Indeed, staffing limitations on the island are already creating Big Bang scale pressure on

Jersey has developed a concept of trusts that has introduced the idea to Europeans, who had traditionally made little use of them.

its clientele over the last 10 years, including quite modest individual investors hoping to maximize their capital, as well as the multimillion portfolios. Jersey company law — or lack of it — allowed the development of investment vehicles that could not have been considered onshore under U.K. law. The unit trust sector, for instance, has made much of the running in the creation of new financial prod-

Most recent developments have been the multiclass and umbrella funds. Originally, investors put their money in funds designated in any one of 20 or more different market sectors — bonds, international fixed interest securities. British government stocks and currency funds — and the funds were managed specifi-cally in these sectors. The multiclass system makes it possible to switch between sectors say from fixed interest to equity — without the transfer paperwork that had previously justi-

fied a 5 percent charge for each shift. There is also the tax aspect that switches between funds or companies is liable to capital gains tax in the United Kingdom, but, from paper to paper, it is a conversion within the same fund, so not chargeable. Similarly, the umbrella fund concept enables the investor to switch between sub-funds under the umbrella

salaries and executive searches. The logical progression is probably rationalization of existing services, so stockbrokers, for instance, may eventually extend their financial scope into trustee and fund management services.

Movement toward integration of existing finite resources is dedicated to growth. Growth and survival are the same thing to Jersey unit trust managers. In the near future, they will surely have to offer a round-the-clock service to investors, for instance. They will have to do this through increased productivity from existing staffing levels. But Jersey's reputation to fund management is based on skill in the art of the possible.

"The concept of trusts developed in Jersey is very different from more hidebound financial centers," says Ivor Mills of Royal Trust, "This is because the settlor can still influence the trustees in action they may pursue. While he is legally dissociated from his money, in reality there is a wide interpretation on the realms of proper trusteeship. Our offshore trust market is quite deep and growing, and tends to look for answers to problems in protecting capital. This is clearly tax mitigation, not avoidance. Our industry in Jersey must depend on the

Corporation Taxes

'Sark Lark' Blurs Financial Image

T. HELIER, Jersey — Jersey owes much of its current (and potential) success in competing for the wealthy world's financial business to its clean image. Where scandals have rocked other financial centers — and may even have brushed against Jersey banks by association — they have been scrubbed. clean by the policy of the States (governing body) and the private

On this basis, there is a considagainst what many believe damages the purity of Jersey's financial sector image: concern about the system of corporation tax companies concentrated on the so-

called "Sark Lark." There are some 9,000 corporation tax companies operating from Jersey. They are companies registered there, involving initial incorporation fees of perhaps £900 (\$1,440), but they do not trade there. As long as a company is set up and controlled by people outside Jersey, it is not subject to Jersey (or any other) income tax, only to an annual £500 corpora-

tion tax. One of the conditions in operating such a company is that direc-tors are nonresident in Jersey and board meetings are held outside the island. Hence the Sark Lark. Over the years, the custom has grown of recruiting among the 520 residents of the conveniently close but fiscally independent island of Sark for nominal directors of these Jersey-registered corporation tax companies. The earnings of Sark fishermen, hotelkeepers and housewives can be boosted by several thousand pounds a year, with no more onerous duties than signing their name to a few papers and playing hosts at the annual brief token visit of outsiders for the

board meeting. The Sark Lark does not necessarily imply any kind of malprac-tice. If the board meetings were not held in Sark, it would be somewhere else outside Jersey. It is rather a question of retaining what is ultimately a bit of a sham when Jersey has otherwise left far behind the old association with the tax-haven image. But a 200-page discussion draft of a proposed new company law to be enacted later this year does include a question mark over the future of the Sark

There have been proposals beore to reform the tax system as it applies to corporation tax compaues. But these companies provide ersey with considerable revenue rom registration fees and the aninal corporation iax, which was ncreased this year from £300 to

The States' economic adviser, John Powell, writes in his annual inancial report on the economy hat "adjusting the present rate of ix, fixed in 1974, for inflation, rould suggest a tax of £1,060." It hard to see that this is not unreaanable, but the feeling in Jersey is

A A C . M. LEWEL

companies to register instead in Liberia or Panama, with consequent loss of revenue to the Jersey

One way out that has some support locally is for all foreignowned companies, including those registered and controlled in Jersey, to be exempted from Jersey's percent income tax. This would end the Sark Lark, since the corporation tax companies could then hold their board meetings in Jersey, which would boost profits for the island's hoteliers, shops and restaurants.

siderable loss of income tax revenue from the resident Jersey companies that could claim exemption. There are many reasons for incorporating a company in Jersey, even if it is not a corporation tax company, including the speed with which the process can be accomplished, usually within five working days. And income tax revenue lost by exempting resident Jersey companies would have to come from somewhere, inevitably increasing the pressure on Jersey residents already hard pressed to fulfill the growing demands of an expanding financial sector, new technology

and training. Bob Gaiger, Jersey's compiroller of income tax, has said publicly that he does not believe corporation tax companies should be able to have tax-free status and enjoy all the benefits of tax-paying companies. But he argued recently that the Sark Lark is a product of the private sector and that the private sector should perhaps put its own house in order and not look to the

States for a solution. The discussion document issued by the States in August last year and sent out to interested parties for comment before the new Company Law is finally drafted does invite consideration of measures covering corporation tax compa-nies. At present, though all companies have to file annual returns to the Registrar, their accounts do not have to be audited and there is no statutory machinery for these to be filed on any public record.

The discussion document is not very specific at this stage. If the law is enacted, it would mean that the Jersey Court would be given the power to disqualify "unfit" directors of companies. The States would have power to make regulations concerning transactions between companies and their directors and disclosure of their transactions to other directors and shareholders where necessary. These measures could perhaps provide closer scrutiny of corpora-

tion tax companies. Comment is also invited on various areas where the States could enact subordinate legislation to regulate the public accountability of companies — for instance, concerning the form and contents of

accounts and the qualifications of be when and if the States should or

nditors. (a) company law, when it is finalized, will lease open the question of the Sark Lark. The question then will

would enact "subordinate legislation" regulating corporation tax companies that might end the Sark

Jane McLoughlin

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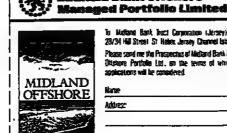
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Light Industry a Base for Exports

By Willa Murray

T. PETER PORT, Guernsey - The traditional picture of Guernsey as a holi-day island chiefly concerned with growing tomatoes and flowers has been changed in

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manufacturers in Britain and the United States as a base for light industry has developed export business that was worth £80 million (\$120 million) last year. El∞tronics farms accounted for over £63 million of that figure. By comparison, horticultural exports brought in £30 million.

ONE PLACE

with rising job losses through the decline of horticulture, the island has spent more than £1 million in Britain and the United States in a

bid to broaden its economic base. The American electronics instrument manufacturer Tektronix, which has been operating in Guernsey for more than 25 years

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munications systems.

The island set out to attract similar, but smaller, units producing high-value, low-volume products that would pose no threat to the

> In 1984, a separate government body was set up to coordinate and The Board of Trade and Industry is responsible for screening applications, smoothing the way for firms that see the island as a potential base and ensuring that suit-

able sites are available for them. Local MP David Evans, president of the board, and John Dempster, chief executive of its secretariat, acted as Guernsey's salesmen last year on a week's promotional tour of California.

Their mission followed two to California in 1984 and two to the eastern United States in 1985, all of them backed by advertising campaigns and media interviews.

Among the direct results have been the setting up of a plant in the island by the California-based electronics company Texmate and a decision by the multinational Nashua Corp. to move its world distribution headquarters in 1985 from Bermuda to Guernsey.

The island's advantages for branch plants or relocation in-clude its 20 percent level of in-come tax on both business profits and personal earnings, low rates on industrial property and a good labor record. The Channel Is-lands' special relationship with the European Community means that they enjoy free trade with the Common Market while being exempt from more onerous provi-sions such as the value added tax.

What incoming business executives particularly appreciate is the absence of red tape and the will-ingness of the island authorities to pull out all the stops to help sort out any initial problems.

There are now about 80 units of light industry, embracing engi-neering, printing, boat-building, textiles, food and drink, furniture and crafts, as well as electronics. The last sector provides the most obs, but the knitwear firm of Le Tricoteur, a home-grown enter-prise, employs 80 full-time workers and more than 500 home fin-

But now, a manpower shortage has forced the Board of Trade and Industry to rethink its strategy. A proposed campaign in the United States last autumn was out back. and the board sees its role for the present as a holding operation.



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Growth Fuels Jobs Dilemma

The dilemma is that the already heavily

populated Channel Islands are committed to

limiting the number of outsiders allowed in

By Edward Owen

T. PETER PORT, Guernsey — The two larger Channel Islands have a problem that many countries would envy: how to fill all the vacancies being created by nainess growth

As Jersey's chancellor, Senator Reg Jeune, and his Guernsey counterpart Conseiller Roydon Falla, both agree, the islands are lucky to have such a problem, parnicularly since only four years ago Guernsey was worrying about rising unemployment due to the decline of its tomato industry.

The dilemma for the politicians, however, is that the aiready heavily populated Channel Islands are nitted to limiting the number of outsiders allowed in to service their expanding economies.

Slowing down the rate of immi-gration has been official policy for some years. However, it became a priority issue following last year's census, which showed that since 1981 Jersy's population had grown by 5.2 percent to 80,212 and Guernsey's by 4.1 percent to

Both increases were well above expectations, and they were attributed almost entirely to immigration caused directly or indirectly by the financial boom.

The resulting prosperity has enabled the islands to maintain high investment in social services and capital projects and ensure wellpaid jobs for their inhabitants. For example, car ownership is well above the U.K. level. But it has

also led to pressure on housing and land and has pushed up wage levels and administrative costs.

In the first four months of this year, housing prices in Guernssy were nearly 40 percent higher than in 1986 and, according to Elizabeth Lincoln president of the beth Lincoln, president of the Housing Authority, young couples are being forced to move to the U.K. mainland because they can

to service their expanding industries. vices, for instance, have been cut

erator could not find drivers. The politicians, therefore, must figure out how to slow down the economic machine without putting on the brakes so hard that it

equally tricky question since the Channel Islands form a common travel area with the U.K. mainland, allowing unrestricted movement each way. This is a centuriesold right that the islands would be loath to jeopardize by imposing say, frontier checks on U.K. citi-

At present, Jersey is trying to control immigration through housing restrictions and through its Regulation of Undertakings and Development Law. This law was enacted in 1973 specifically to

can occupy houses or apartments only if they qualify as "essential" nity or are wealthy enough to pay a substantial amount of tax. Both categories are

confined to certain price brackets.

The Regulation of Undertakings Law governs the setting up and expansion of businesses and building development. Pollowing the 1986 census, its provisions are being considerably tightened.

Until now business expansion
has been controlled by licensing
extra floor space, but the law is to
be amended to license staff growth as well. The president of the Jersey Chamber of Commerce, Ian Barnes, warned that this will lead to "significant posching of skilled



Although the industry has declined in importance, tomatoes are still grown in large quantities on Guernsey.

It has also been agreed that the aximum number of wealthy settiers admitted annually should be reduced from 15 to five and that essential" employee licenses should increasingly be granted for a limited period only.

Guernsey has only one instrument for controlling immigration from Britain - its housing law. This divides properties into about 1,800 higher priced houses and apartments freely available to nonislanders with the remainder eserved for local people or those

Guernsey's politicians are awaiting the results of an economappraisal commissioned from asultants Peat Marwick Mitch ell before deciding what steps to

take to carb immigration.

At one time the island had seemed ready to introduce a regulation of undertakings law like fersey's, but it has had second only a recent phenomenon, Guernsey's politicians are particularly nervous about making any move that might jeopardize eco-

no longer afford to buy locally. The jobs market is showing sim-EMERGING MARKETS ilar strains since the salaries and "perks" offered by the finance sector cannot be matched by other inesses. Guernsey's bus ser-



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Kosencrantz

By Sheridan Morley

THE LONDON STAGE

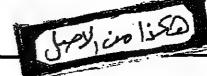
more bouncily optimistic, provides the random energy that his col-league lacks. As a team they work

very well. The problem is that

around them Wilson has been un-

able to construct much of a produc-

nonal Herald Tribune







Left, Adam and Eve in Martha Clarke's ballet; right, detail from "The Musician's Hell" by Bosch.

Animation of 'Earthly Delights'

lives, they are the point of maxi- Tircless pranksters, the creatures in mirm stillness. We move. They question are of every size and

lemma

But some of them present a terri- from beetle to fish-otter. Insuimate bie temptation. What if they have a objects — eggshells, mussel shells, scenographic potential that hames deviant bagpipes, dice, keys, bell us? What would it be like to bring oue of those paintings to a different dimension of life? Shouldn't we All the way from the Garden of Education of life? know them better, enjoy them Eden to a particularly vindictive more, be more intimately a part of version of Hell, Bosch marshals a

Garden of Earthly Delights," the hardt among stage directors. Luis revival now at the Minetta Lane Bunuel among movie makers and Theater to September, the avant- Hector Berlioz among masters of garde director Martha Clarke has tone-painting in music. We can made her own kind of delicate and imagine gigantomania run free, poetical sense of that notion. This with Shea Stadium none too large three-part painting by Bosch is, for the basic spectacle and every apart from a doctrinal commutum single member of Actors' Equity in of the first order, an anthology of full employment for the first time unprecedented goings-on and a ever. The musical forces required dictionary of antic detail. It could would dwarf those demanded by even be read as a blueprint for the Gustav Mahler in his Eighth Symapotheosis of the automate, the phony. All day and all night would work of art with mechanized and, be none too much for an entertainmovable parts

DOONESBURY.









I M MORE



The Daily Source for International Investors.

have been met.

By John Russell

New York Times Service

Triptych has a cast of thousands, many of whom get into deep troubing that, as Vincent van Gogh once with them. It also has an animal kingdom as heterogenous as any in the midst of catastrophe." In our that has been set down on canvas. tripe, from basilisk to unicorn and

range of conceits that would tax the A dangerous notion. But in "The combined talents of Max Reinment that dealt with the subject in

It is Martha Clarke's achievement that she does the job in exactly an hour. She has a cast of 10, musicians included, and some minimal props. Add lighting by Paul Gallo, human aerobatics masterminded by Foy, music by Richard

Greenwood, and the roster of primal scene. "This is how it must Clarke's resources is complete. It have been," we say to ourselves, therefore goes without saying that Adam and Eve don't "dance." foreshorten. Vast episodes vanish the heart of the matter. as if they had never been. Strange

will show how it works. The left- process hand panel of the Bosch triptych is

The scene has an angelic sweetness world. and clarity, and we see at once that and clarity, and we see at once that Adam has trouble believing his hell" in the concluding section that

the angels duesting overhead. Holding our breath, we witness the most defies us to find them.

Peasiee and costumes by Joan

U.S. 'Colorization' Ruling New York Times Service

WASHINGTON — The Library of Congress, which has jurisdiction over copyrights, has ruled that colored versions of black-and-white movies are eligible for copyright protection as "derivative work" under many circumstances

The decision was a victory for such companies as Turner Broadcasting. which is making a large investment in coloring old films for television

Although the decision does not address the moral or artistic argument it is a setback for actors, directors and producers who have opposed film coloring on those grounds. Congress has been asked to deal with the question whether coloring might be blocked on moral or artistic grounds.

The Copyright Office has published its proposed regulation, and it will be subject to 30 days of public comment before taking effect.

Under the ruling, colored versions of movies could receive copyrights if they "reveal a certain minimum amount of individual creative human anthorship and are produced by existing computer-coloring technology, the Library of Congress said. Films will not be eligible for such protection if the tinting "consists of the addition of only a relatively few number of

colors to an existing black-and-white motion picture." Many prominent film makers have been outspoken in their opposition to coloring and saw the ruling as a blow. "Naturally, I think it's a bad decision, and I think it's something the motion picture guilds will fight," said Woody Allen.

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she has had to cut, edit, condense, They don't "act." But they give us

That they can do this is owed in pageantries, likewise. Landscapes part to Peaslee's seraphic music, as big as all Kenya had to go. The and in particular to the manifold animal kingdom is mostly out to gifts of Stephen Silverstein. For lunch. Bosch's imagination is much of the evening. Silverstein sits curbed, fileted, rebuilt in minia- at the back of the stage and plays one after another of the ancient But it is not lost. Nor is it be- wind instruments that he has not trayed. What Clarke has done is to only mastered but reconstructed work from feeling, and from her with his own hands. With the looks own personal magic, rather than as of a Neptune in retirement, he casts copyist or exegete. A first example an aura of loving kindness over the

But it doesn't do to think of him relatively tranquil in tone. We see as a passive observer. I cherished Adam and Eve in the Garden of above all the moment at which he Eden. Though not yet acquainted, suddenly sprouted wings and flew they are being brought together by up into the air, high above the the Son of God in person. Behind stage, to intercept an angel who Adam stands the Tree of Knowlhappened to be going his way. And edge, a date palm laden with fruits. what did he do? He took hold of mtain moistens the paradisiac her foot, kissed it, played a duet with her and returned to earth. All is set, therefore, for the mo- Bosch would never have thought of ment at which our first and univer- that, but Clarke makes us accept it sal ancestors met for the first time. as the most logical thing in the

luck in having acquired so delicious Bosch was longest on feeling, as companion. In a deft and tinem- well as in sardonic invention. And phatic way, Martha Clarke gives us perhaps it is there that Clarke hews Adam, Eve, the tree, the apple and closest to Bosch and yet is, paradoxically, most herself. She and her The manner in which the apple is forces blow up a storm in which all offered, snatched and eaten is is fire and flame, darkness and strictly of the late 1980s, but in enormity, only to end with a resolugeneral Clarke's touch is timeless, tion that needs no words and al-

> The Garden of Earthly Delights" could be enjoyed for itself and without reference to Bosch, for Martha Clarke neither leans on her own. She is somewhere inside all the great 500-year-old images like a superintelligent Alice in Wonderland who has walked through the wrong looking glass. The evening may be short, but it expands in the memory and will not go away.

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TSE YAND

Are Back To have four actors on a small and somewhat bare stage playing 20 of the characters in Charles ONDON - "Rosencrantz and Guildenstern are Dead" was Dickens's "Hard Times" for a twohour digest of the book might seem impossibly foolhardy, until one re-calls that Dickens himself used to the play that first made Tom Stoppard's name at an Edinburgh Festival all of 20 years ago; it turns up now at the Piccadilly in a new tourbarnstorm America totally alone and engaged on a very similar task. ing production by Peter Wilson Now, at the King's Head in Islingthat seems to have as its main inspiration the casting in the title roles ton, Dilys Hamlett directs Helen Bourne, Susan Bovell, Jonathan Stephens and the former Olympic ce skater John Curry in Stepl Jeffreys's excellent lightning guide f two celebrated alternative cometo the story of Coketown (a lightly ans known as the Oblivion Boys. disguised Preston) and its inhabit Stephen Frost, who plays Rosenants, a story dismissed in the 1850s crantz or possibly Guildenstern, since confusion even about that is for its "sullen socialism." but emerging here to resemble nothing at the heart of Stoppard's comedy, so much as a D.H. Lawrence saga and his partner Mark Arden are an lightly flecked with the sentimenamiably odd couple: Frost is a thick-set, balding victim of chronic uncertainty while Arden, rather tality of Louisa May Alcott. A quartet of versatile players, even when managing to look crowded on

a stage like this, still have trouble

tion. Unless (as I saw in a memorable double at the Stratford Festival in Ontario last summer) you now stage "Rosencrantz" in repertoire forward review of its highlights, or with the real "Hamlet," it seems if you can't face reading it but feat virtually impossible to find a Clau-dius or a Gertrude or an Ophelia or that you may one day be challenged on its main events, then this even a Hamler who will add the may prove a useful theatrical sumcorrect weight and mystery to Stoppard's play, since in that they are such very minor characters. If they are played, as here, like Ingmar Bergman's second offerwalk-on extras, then the central ing to the National Theatre from the Royal Dramatic Theater of Stoppard joke falls apart. Only Lionel Blair as a rightly camp and tacky First Player is able to give Stockholm was a "Miss Julie" prin-Frost and Arden a run for their cipally notable for its restraint after laughs. As a result the comedy bethe massive liberties he took with "Hamlet" a few nights earlier. Pecomes entirely about them, whereter Stormare again played a central role, the valet Jean, but in total as it should also be rooted in the incomprehensible royal events go-

ing on just out of their reach around the court. The games of contrast to his Prince of Denmark this was a performance strictly limited by its text and indeed almost chance work well enough, and the dialogue remains a constant delight self-effacing in relation to the properly arrogant title-role playing of ("If life was a bet you wouldn't take Marie Goranzon. Bergman clearly believes that Strindberg, unlike "Eternity is a terrible thought -where's it going to end?"); but in reducing the original sprawling philosophic debate about death Shakespeare, can be left to look after himself without any drastic and irrelevance to a two-man knockabout vaudeville, something of the script's original power has been well and truly sacrificed.



Stephen Frost, Rosencrantz, Lionel Blair, First Player, and Mark Arden, Guildenstern.

representing the industrial might of Coketown: Rebellious union meet-tale of sexual revulsion, but one so ings look like uneasy cocktail parquietly and unobtrusively staged ties, and Curry is vastly better at after the fireworks of "Hamlet" suggesting Gradgrind's pallid son that its lasting image is simply the than the overbearing fact-finder radiant plainness of Miss Goranhimself. If, however, you know the zon, a young Ingrid Bergman of book, and like the idea of a fast-haunting emotional power.

> At the Royal Court, Dusty Hughes's "Jenkin's Ear" is a political thriller set in a small central American country which, though unnamed in the play, could well be Honduras. There, an Englishwoman working for Christian Aid has been abducted and possibly murdered; in search of the facts comes an old friend, a journalist who, though given a different stage name, bears a certain resemblance craggy, quirky, weary integrity. A rival journalist of a very different neneration is also on the scene, however, and (in a faint though vastly less comical echo of Michael Frayn's "Clouds") the struggle between the newsmen to get the story also becomes a battle about the ethics of journalism itself.

below-stairs tragedy. Again it was a quhart in fine, shambling form as alectic tangents.

the shaggy Cameron figure, and Nicholas Grace as the sharply ambitious opportunist from The Times), we are also introduced to an amiably cynical priest (Alfred Molina) who seems to have drifted in from a minor Graham Greene novel, plus British and American ambassadors of considerable selfinterest, not to mention the drug-addicted daughter of one of them, and a highly sinister local business-

Hughes has a moral or political issue to raise with each of his characters, and it is usually concerned with corrupt occupation, whether of whole nations or merely of people's lives, "Jenkin's Ear" is about American political colonization to the late James Cameron in his and English diplomatic and journalistic uncertainties, but in the end it settles into a vastly more simplistic cliffhanger about whether the missing lady will escape or die, and to what extent her fate will be determined by the honor of jour-

It is some tribute to David Hayman's brisk production that the There are other moral debates at thriller is kept alive long enough to the heart of this script, at times so give the play surrounding it a shape rethinking by the director, and many that the play is apt to get as and narrative drive that is often what we therefore got was a faithlost as the missionary lady. Apart threatened by its habit of going off ful, faintly balletic rendering of the from the two reporters (Robert Uratification).

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Dow Posts First Loss in 2 Weeks

NEW YORK — Prices on the New York
Stock Exchange ended lower Tuesday for the first time in more than two weeks as a walk and the state of the state first time in more than two weeks as weakness in institutional trading at Philadelphia-based Jan-the dollar and bond markets triggered profit-ney Montgomery Scott Inc., said that activity taking and futures-related sell programs.

Trading was active. The Dow Jones industrial verage, which rose 24.66 points on Monday to hit its third consecutive record, fell 5.78 points on Tuesday to 2,439.73. It was only the Dow's fourth setback this month.

Broader indexes also retreated. The New York Stock Exchange composite index lost 0.55 pointto 172.22. Standard & Poor's 500-stock index dropped 1.22 to 308.43. The price of an

average share slipped 13 cents. Declines led advances by about 4-3. Volume was about 194.2 million shares, up from 178.21 million on Monday.

Prices fell off before midday with the appearance of some futures-related sell programs that kicked in when the dollar started to ease. But most traders and analysts agreed that the market is likely to continue its advance at least

for the next week, with investors viewing any pullback as an opportunity to return idle cash to equities before the end of the second quarter. Many big investors sold stocks and raised cash in the weeks leading up to the economic summit meeting in Venice earlier this month and the "triple-witching hour" Friday, and many are now feeling pressure to reinvest those

assets, analysts said. "After 11 days of moving straight up, the law of probabilities says there will be" a reaction, said Robert Ritter, a technical analyst with L.F.

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continued to center on the large-capitalization stocks favored by money managers and other

big investors.
"All the news is still pretty good," Mr. Andrews said. "Inflation is no longer in bloom, bit of news was pretty good. There was a lot of

Peter Furniss, a managing director in the listed trading department at Smith Barney, Harris Upham & Co., agreed with this assess-ment. "The high-priced stocks" are "an area where you can spend a lot of money quickly."

But he added that the market was "still hostage to the dollar, when the dollar falls off, so do AT&T was the most active NYSE-listed is-

sue, losing % to 28%. Dayton Hudson followed, falling 1 to 53. The retailer hit a high of more than 57 this morning when it was reported to have received an unsolicited \$70-a-share takeover bid. The offer was

later found not to be bona fide. IBM was third on the actives list, gaining 1% to 164%

Gillette fell ¼ to 39 in heavy trading. The Boston-based maker of personal care products has rejected a \$4.6 billion acquisition bid by Revion Group.

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MADISON AVENUE

Agency Sees a Revolution In Link to Movie Company

By PHILIP H. DOUGHERTY

New York Times Service

'We have been able

to increase profits

without increasing

marketing funds.'

EW YORK — A new entertainment unit set up by McCaffrey & McCall to serve the needs of United Artists Corp. will revolutionize the relationship between movie production companies and ad agencies. According to McCaffrey & McCall Entertainment and to Andrew Fogelson, president for marketing worldwide at United

Artists, the agency and United will have a "true marketing partnership," with the agency making a creative contribution on every United movie. This relationship is unusual, the client and agency agree,

because the advertising for most movie production com-panies is usually done by Hollywood's boutiques and cre-

ative free-lancers. Norman S. Freedman will be chairman and chief executive of McCaffrey & McCall Entertainment and Daniel Stern will be president and

'mma

creative director. Mr. Freedman said the agency had prepared to start the new unit by gathering marketing information on movies. It developed data on 440 variables affecting profit and fed it all into a

"As a result, we have been able to increase profits without increasing marketing funds," Mr. Freedman said.

David B. McCall, chairman of the parent agency, a Saatchi & Saatchi company, said, "I think we are going to revolutionize the

And Mr. Fogelson said, "I think they were the first to do an analysis and come up with a process to help improve our business in a very dramatic way."

He said that starting July 31 with release of a new James Bond film, "The Living Daylights," United Artists plans to bring out eight features in the next 12 months and then go to a 10-film-a-

Bozell, Jacobs, Kenyon & Eckhardt was invited to the Third World Advertising Congress in Beijing to present a campaign for a fictional product to 2,000 guests at the Great Hall of the People. instead, the four-man team headed by David Bell, the vice chairman, presented a highly polished campaign for an actual product, chinese silk, and how sales could be stimulated in the United States. The presentation went so far as to include consumer research and copy testing. Afterward, an official of Chinese National Silk Corp. was impressed enough to invite the agency

For the first time, Chrysler Corp. has appointed an agency specializing in advertising to minority markets. It is Lockhart &

The agency will do both corporate and product advertising, and the budget will be in the millions of dollars.

For advertising to the Hispanic market, Lockhart will use the

services of Montemayor y Asociados in San Antonio, Texas. General Motors Corp. uses Mingo Jones for minority advertising and Ford Motor Co. has the Uniworld Group.

People

 Robert H. Levenson has been squeezed out as chief creative officer at Saatchi & Saatchi Compton. The title was eliminated when his firm merged with DFS Dorland to form Saatchi & Saatchi DFS Compton. Both agencies are owned by Saatchi & Saatchi PLC of London.

Barbara Boyle has been appointed senior vice president at Ted Bates Worldwide.

• Ripley Odell has been named promotion director of Life

James R. Blocki, vice president at Kraft Inc., has been elected chairman of the American Advertising Federation.
 Deborah K. Heineman has become promotion director in the United States for Reader's Digest.

Currency Rates

Closines in Landon and Zurich, fixings in other European centers. New York rates at 4 P.M.

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Other Pollar Values

United States

Soars on 'Offer'

Dayton

But Falls Back as **Bid Proves Bogus**

The Associated Press NEW YORK — A Cincinnati stock analyst made a bogus \$6.8 billion buyout offer on Tuesday for Dayton Hudson Corp., setting off wild gyrations in the retail giant's

The analyst, identified as P. Da-vid Herrlinger, later was fired by his employer, Capital Management Corp., and was taken for medical Mr. Herrlinger called Dow Jones

News Service early in the day to announce the \$70-a-share buyout offer for Dayton Hudson, according to Anthony Covatta, a neighbor who was acting as Mr. Herrlinger's okesman. The Minneapolis-based retailer

has been the target of takeover speculation for weeks, and news of the offer caused a sharp rise in the company's stock price.

Shortly after the report, the stock jumped \$5 from Monday's New York Stock Exchange closing price,

Trading was halted in New York after the reports, but resumed after about 90 minutes. The price began sinking as traders became suspicious about the offer. The stock closed at \$53, down \$1 from Mon-

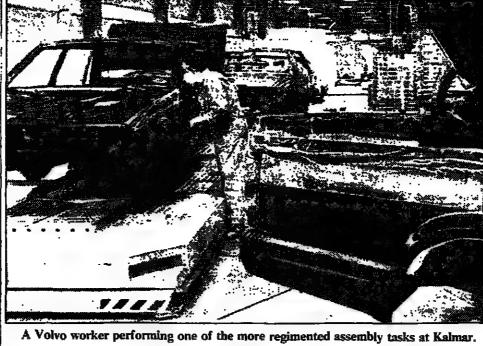
Dow Jones, a financial service that is read by thousands of stock traders and other Wall Street professionals, later reported that the offer might not be bona fide, and Mr. Covatta confirmed it several

Mr. Covatta said Mr. Herrlinger, who he estimated was in his mid-40s, was taken to a hospital by his wife for an examination. Mr. Covatta said Mr. Herrlinger

"is not well today," but he did not know what might be wrong with "It's just a terrible shame that

this thing got out on the wire this morning," said Mr. Covatta, who is an attorney in Cincinnati. Mr. Herrlinger had told Dow Jones that he represented Stone

Inc., which he described as a Cin-See DAYTON, Page 11



Volvo Sweeps Tedium Off the Floor

Quality Rises as Teamwork Supplants the Assembly Line

By Steve Lohr New York Times Service KALMAR, Sweden — In a novel plan based on concepts pioneered at its 13-year-old plant here, Volvo AB plans to jettison the assembly-line approach, in which each worker repeats the same task hundreds of times each day.

If all goes well, workers at a \$315 million plant under con-struction on Sweden's west coast will be organized into teams, each of which will ultimately as-

semble a complete car.
"I want the people in a team to be able to go home at night and really say, "I built that car," "said Pehr G. Gyllenhammar, Volvo's chairman, "That is my dream." The new plant at Uddevalla is scheduled to open in 1988.

At its Kalmar facility on Sweden's east coast, Volvo has been moving gradually away from assembly-line manufacturing.

The cars being built here are ferried around the plant by separate computer-controlled carriers. Work teams of about 20 people are responsible for putting together entire units of the car, such as the electrical system and

system, each worker typically does a series of tasks,

Virtually all of the plant's 104 white-collar employees began on the shop floor. All major decisions at the plant, which has a

For a worker to feel involved with the product, he should be responsible for the work."

> — Leif Karlberg, the plant's manger

work force of 920, must be approved by a joint committee representing both labor and man-

Volvo asserts that the team approach to car assembly has raised employee morale at the plant and has sharply improved both productivity and quality. Quality is monitored by the

the engine. In this batch-work workers and tracked by a central computer. Any problems can be traced to a work team or to an individual in 20 minutes to two hours. It can take up to two weeks at plants elsewhere in the industry.

"I can go out and say, 'Sven, you forgot this and this,' " said Leif Karlberg, the plant's general manager. "It's not a policing tool, because most of the feedback the workers get from management is positive. But for a worker to feel involved with the product, he should be responsi-ble for the work."

Volvo is preparing to push the principles developed at Kalmar even further at its new Uddevalla

"Uddevaila is the next challenge," said Roger Holtback, president of Volvo Car Corp. "We will do away with the assembly line concept altogether."

The Uddevalla plant is still evolving in long consultations between management and workers about procedures, design and organization. The essence of the Kalmar batch-work approach is

See VOLVO, Page 13

is a single, fundamental principle: the protection of depositors' funds.

then, that this pursuit of excellence results in considerable advantages

to private banking clients, and

It should come as no surprise,

U.S. Prices Rose 0.3% in May; **Orders Dipped**

Compiled by Our Staff From Dispatches bile prices matched the increase in WASHINGTON — U.S. retail April. rices edged up 0.3 percent in May. the smallest increase this year, as a slowdown in energy prices partly offset sharply higher food costs, the

Labor Department said Tuesday. The increase in the department's Consumer Price Index, equivalent to an annual rate of inflation of 4 percent, also represented a slowdown in the pace of rising prices. following increases of 0.4 percent in each of the preceding three

Meanwhile, orders for durable goods, those items expected to last three or more years, edged down 0.1 percent in May, the first decline in four months, the Commerce Department said. The decline was led by a 13.1 percent drop in orders for military goods. Excluding this vola-

tile category, durable goods orders rose 1.4 percent last month. The May consumer price increase was the smallest monthly rise since a 0.2 percent increase last December. The figure helped underscore the view of many economists that inflation will not increase sharply through the rest of the year despite the large decline in

the value of the dollar. Largely because the lower dollar has raised import prices, the monthly consumer price rises for 1987 have pushed inflation to an annual rate of 5.6 percent, up from

I.I percent last year. But the dollar in recent weeks has begun to stabilize on foreign exchange markets. At the same

time, economic growth throughout the industrial world remains slug-gish, limiting the demand for goods and thus dampening inflation.
Food prices led the May price increases, up 0.6 percent after a 0.3 percent rise in April. Grocery store prices registered their biggest in-crease since last August, 0.9 per-cent. The price of beef rose 3.1

in poultry prices. Gasoline prices, still rebounding from last year's fall in world energy prices, were 0.4 percent higher in May, following a 0.7 percent rise in April. The gasoline price increase was the smallest so far this year. The 0.3 percent rise in automo-

percent, offsetting a 0.3 percent fall

nally reported as a 0.9 percent (AP, UPI, Reuters) Swiss Top List

Durable goods orders totaled \$106.9 billion last month, down

\$83 million from the April level. This 0.1 percent dip was the first decline since a record 9.8 percent

plunge last January.

Orders in April had risen 0.7
percent, revised upward from the

The 1.4 percent rise that exclud-

previously reported 0.1 percent.

ed military orders followed a re-vised April fall of 0.3 percent, origi-

Of Per Capita GDP, Bank Says GENEVA — Switzerland outranked the United States,

Japan and other major industrial nations in per capita economic output in 1986, Union Bank of Switzerland reported Tuesday.
Switzerland's gross domestic product totaled \$20,437 for each inhabitant, the bank said.

GDP is the total value of goods and services excluding income earned abroad.

In a list compiled by the bank, the United States placed second, with \$17,255 a person. and Japan third with \$16.213. Other countries, listed in order, were Sweden (\$15,868). West Germany (\$14,651). France (\$12,882), Austria (\$12,450), The Netherlands (\$11,800), Belgium (\$11,212), Italy (\$10,469), and Britain (\$9,654).

In national spending Switzerland ended 1986 with a budget surplus equivalent to \$1.1 billion. The others all posted deficits, with the U.S. deficit of \$220.7 billion by far the largest.

The bank cautioned that comparisons in U.S. dollars were strongly influenced by the decline in the dollar against other currencies.

IF YOU PURSUE EXCELLENCE, ONLY ONE BANK CAN KEEP UP.

The dedication to excellence of Republic National Bank is a natural outgrowth of the strong beliefs of its founder and principal shareholder, Edmond J. Safra.

Republic is firmly committed to such sound, traditional banking practices as



For Republic National Bank of New York, the relentless pursuit of excellence has achieved nothing less than excellent results.

Republic has grown to be the 11th largest bank in the United States, in terms of shareholders'equity.

It is active in 19 countries around the world, including the important banking centers of London, Luxembourg, Milan, Paris, Hong Kong, Singapore, Montreal, Tokyo, and of course. New York.

The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes. Underlying every aspect of Republic National Bank's pursuit of ex-



advantage of opportunities to

our commitment. If that is

bank, call us today at our

something you expect of your

Luxembourg office (352) 470711.

The pursuit of excellence is

on a global scale.



REPUBLIC NATIONAL BANK OF NEW YORK

A SAFRA BANK

NEW YORK - MIAMI LOS ANGELES MONTREAL LONDON PARIS LUXEMBOURG MONTE-CARLO MILAN GIBRALIAR GUERNSEY HONG KONG SINGAPORE TOKYO PANAMA NASSAU BUENOS AIRES-SANTIAGO MONTEVIDEO CARACAS MEXICO CITY PUNTA DEL ESTE RIO DE JANEIRO SAO PAULO

FIGURES AS AT DECEMBER 31, 1986: TOTAL ASSETS: US \$ 16.8 billion SHAREHOLDERS' EQUITY:

US \$ 1.6 billion

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NYSE Highs-Lows

AMEX Highs-Lows NEW LOWS

Shearson Agrees to SEC Censure For Violations on Clients' Stock

NEW YORK - Shearson Lehman Brothers consented Tuesday to a censure by the Securi-ties and Exchange Commission for violating securities laws involving the use of customers' stock, the SEC said.
Without admitting or denying it was guilty of the violations. Shearson agreed to adopt internal reforms to prevent future similar violations.

The settlement also requires independent public accountants to review Shearson's operations twice a year to determine whether inadequacies exist in its procedures.

The SEC charged that from Nov. I to Nov. 8, 1985. Shearson failed to obtain or maintain physical possession or control of all its customers fully paid and/or excess margin securities. The SEC alleged that Shearson unlawfully used customers' securities primarily for stock loans, including \$69 million on Nov. 4 alone.

TF1's Owner Warns Investors About Sale

The Associated Press PARIS - The head of France's TF1 television network has warned investors against the upcoming public sale of the government's 50 percent share in the station, saying French television will have a troubled future.

Francis Bouygues, who also heads Bouygues SA, Europe's leading construction group, called on the Chirac government to review its policy on television advertising which he claimed favors state-owned television networks and penaiizes private channels.

Mr. Bouygues said that potential investors "should be aware that they are investing their confidence in the capacity of TF1 to maintain its 40 percent market share despite a difficult environment and through numerous depres-

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16.00 16.20 76.35 16.60 16.85 17.05 17.50 17.75 18.05 16.30 16.49 16.65 16.85 17.13 17.28 17.62 17.75 18.07 6217 6217 6237 6338 6438 77.45 77.00 77.40 77.40 77.40 77.40 77.40 87.40 87.40 +444802754 +464802754 St. Solies Leaf Frey. Sci. Prev. Day Open Int. 17486 (CAME) 30,000 lbc. cents per lb. 40,29 Jul 45,55 Al. 80 Aug 44,15 37,75 Oct 44,19 37,55 Peb 44,15 37,75 Oct 44,19 37,55 Peb 42,20 35,90 Apr 42,00 37,50 Jun 43,00 Apr 42,00 A 1.00元4十十十二

Currency Options

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Jul Oct Jan Apr

NCR Program Speeds Chip Design The Associated Press

1,260 1,240 1,260 1,270 1,285 1,290 1,300

DAYTON, Ohio — NCR Corp. unveiled a new computer program Tuesday that will allow engineers to design custom computer chips more quickly by using artificial intelligence. telligence.

NCR's "Design Advisor" program is a result of work in artificial intelligence by Microelectronics & Computer Technology Corp. of Austin, Texas, which was formed as a research consortium in 1982 and now is owned by 20 American electronics companies.

NCR said the new system could cut weeks or months off design time, especially in the area of application-specific integrated circuits, which are computer chips tailored to the specific needs of users.

127 127 127 127 127 128 128 Ang 8.26 8.44 8.54 2.56 2.77 **More Car Imports** Expected in China

BEIJING — China spent \$960
million on foreign cars from 1981
through 1985; and sach heavy
spending is likely to continue be
cause of the country's weak doines
the official Vinhua news according to
the official Vinhua news according to

US.Treasuries 5.70 6.00 6.20 To Our Réaders S & P 100 index option prices were not available in this edition because of transmission delays.

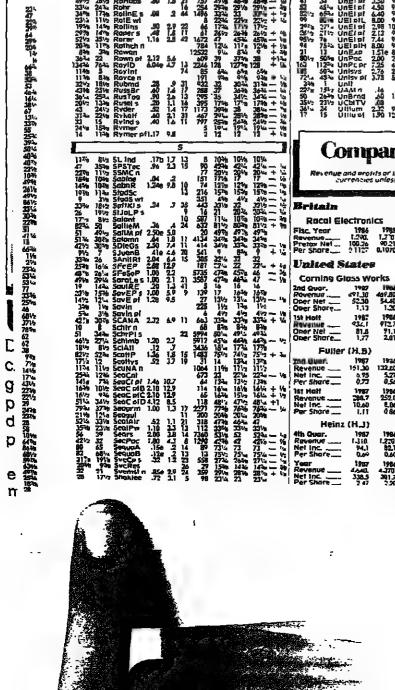
Lloyd's Boosts Rates For Shipping to Kuwait

tic automobile sector, according to the official Xinhna news agency.

The agency quoted an industry official on Monday, as saying that by the year 2000, China would need 4 million cars annually to meet demand. "If we don't improve our own automobile industry, more cars will have to be imported," he said.

Chinese plants, which make mostly jeeps and tailes, are plants and to produce about 365,000 we hickes this year.

States said it would protect Kuwatti shipping and reports surfaced that mines have been laid outside the Gulf War zone. A rate of 0.25 percent has been retained for vessels, going to Gulf states besides Kuwatt, Iran and Iraq.



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Olivetti Sees Lower Net Profit for '87

By David Brown Special to the Herald Tribune IVREA, Italy — Olivetti SpA, the Italian computer and office

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i-rupted trikes

products group, will post a decline umph Adler, which Olivetti acin consolidated net profit this year quired last year from Volkswagen units from 210,000 units in 1986. carnings growth, its chairman, Caredetri, predicted Tuesday. Olivetti reported group net profit of 565.5 billion lire (\$4.27 million in another development,

first five months of this year from 2.55 trillion lire in the comparable de Benedetti warned shareholders period of 1986.

AG, group sales inched ahead 1.8 percent to 2.98 willion lire despite a sharply weaker North American

at current rates) last year.

The company said that group revenues, including sales by its new Triumph Adler typewriter unit, fell 2 percent to 2.49 trillion lire in the

Court Ruling Seems to Boost Harcourt's Fight Against Bid

has ruled that bondholders of Harcourt Brace Jovanovich Inc. have ible into common stock. the right to convert their debenfewer shares than they hoped to

they would have obtained voting been converted to 1,000 shares of control of Harcourt

Sources said the bondholders which include Robert Maxwell, the British publisher, Salomon Broth- ange County Circuit on Monday ers, the U.S. securities firm; and Mutual Shares, a mutual fund would probably appeal.

Harcourt, a U.S. textbook pubsher, rejected a \$2 billion bid last

month from Mr. Maxwell's British Printing & Communications Corp. and announced a recapitalization designed to thwart the takeover. Monday's ruling clears a major obstacle to the recapitalization

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NEW YORK — A Florida judge as a result of the recapitalization,

The bondholders were hoping to tures to common stock, but for far convert their holdings at a share price of \$1, meaning that each of the debentures, which have a face Had the bondholders prevailed, value of \$1,000 a piece, would have stock, sharply increasing their stakes in the company.

Judge Fredrick Pfeiffer of Orgave the debenture holders the right to convert the debentures, but set a \$10 share price by taking an average of market prices. Salomon Brothers owns 21,978

debenures, which it sought to convert into about 22 million shares, giving it around 36 percent of Harcourt's stock. On Monday, Mutual Shares dis-

closed that it held 11,200 debentures, which it sought to convert to When it agreed to pay a \$40 cash dividend to shareholders as part of (NYT, Res

Excluding revenues from Tri-sonal computer sales would plum-umph Adler, which Olivetti ac-met this year to fewer than 40,000 that Olivetti's North American per-

It was the company's first acknowledgment that Olivetti's disappointing alliance with American l'elephone & Telegraph Co. was beginning to hurt its earnings.

AT&T took a 23.5 percent stake in Olivetti in October, when the two companies agreed to form a 10year alliance in which Olivetti would develop and produce AT&T's personal computers for

Mr. de Benedetti said that Volkswagen had agreed to shoulder unspecified Triumph Adler losses this year in excess of the 50 to 100 billion lira that Olivetti plans to

■ Unveils New Computers

Olivetti said, meanwhile, that it would launch a major line of new personal computers using the powerful Intel 80386 chip, as well as software and other products, in the third and fourth quarters of this year, Reuters reported. The new PCs are compatible with previous Olivetti models.

It said it would offer three vertions of the new M-380 for the higher end of the PC market. It said that the M-380 was suitable for use in local area networks or as a standalone PC for applications needing high processing power and speed."

It also unveiled the M-280, a midrange model with higher power that expands its current M28 and M-28SP product lines.

Officials declined to give price ranges of all the new machines, saying they would be determined in local markets.

BAe Wins Huge, But Tentative, Jet Order

By Warren Getler

tional Herold Tribune LONDON - British Aerospace PLC said Tuesday that it had received a tentative order for 72 of its "Quiet Trader" cargo jets — its entire expected output for the next five years - from Australian-based TNT Transport Group.

The agreement, with a potential value of \$1.5 billion, would be the largest single commercial aircraft sale in British Aerospace's history.

The announcement pushed BAs shares up 20 pence, to 574 pence, in heavy trading on the London Stock Exchange Tuesday. A BAe spokes-man emphasized, however, that "these do not yet represent firm orders in our books."

Under the agreement, TNT will retain "a substantial proportion" iary, Ansett Transport Industries project since the plane's launch in Ltd., which it owns jointly with 1985. Ltd., which it owns jointly with Rupert Murdoch's News International Cosp.

The tentarive sale has raised BAe's bopes that the new cargo jet can make substantial inroads into the express-freight market, which is currently dominated by small, second-hand, propeller-driven planes.

The turbofan-powered 146-OTs. which sell for \$20 million each, were designed to meet increasingly stringent noise-control regulations at regional airports.

The plane's engines are built by Avco Lycoming, a subsidiary of U.S.-based Textron Inc.

Sir Raymond Lygo, BAe's chief executive, said the prospective sale was a major fillip to BA's commerof the 72 cargo jets, BAe said. It cial aircraft division, which has insaid the remainder would be resold or leased through TNT's subsiderently \$477 million) in the cargo jet. Airlines.

Only six 146-QTs have been sold so far, all to TNT. Only one is in service, employed on a TNT night-ly delivery schedule linking Scot-land, Northern Ireland, England and West Germany.

Sir Raymond said the proposed sale would move BAe toward its goal of cutting production costs in civil aircraft by a third within five

In March, BAe reported that 1986 earnings fell 34 percent to £84.3 million from £127 million in

The 146-QT was developed as a cargo derivative of the BAe 146 our-engined passenger jet that carries 85 to 100 passengers. BAe has received about 90 or-

ders for the passenger jet, mostly Plerson, Heldring & Plerson N.V. from U.S. regional carriers, includ-Herenmacht 214. ing 24 bought by Pacific Southwest

Richard Miller, president of

Mr. Herrlinger after overhearing

him link the firm to the offer for

The reports came as Dayton

the Minnesota legislature to tough

Dayton Hudson last week dis-

closed that Washington-based

Dart Group Corp., a discount re-

tailer, had acquired a "substantial"

Dayton Hudson has about 97.4

million common shares outstand-

ing. It is one of the nation's largest

OPTIONS ON FUTURES BLIG
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\$15 for trades executing 250 contracts per calendar sports.

Bepublic National Bank of New York

STOCK INDEXES

stake in the retailer.

general retailers.

FUTURES &

OPTIONS ON

en the state's anti-takeover laws.

PARIS - France's space agency and a group of West European and U.S. companies and banks have established a new satellite communications service that can locate trucks, railroad cars, small aircraft

By Axel Krause

nanul Herald Tribune

and boats with an accuracy of 100 meters The proposed system, called Locstar, is not scheduled to be in operation before 1991, executives involved in the joint ven-

ture said Monday. The system will be based on licensed

technology of Geostar Corp., a Washington-based telecommunications services company. Geostar, which was established

in 1983 and has taken a 15 percent share in the venture, has been testing such a satellite communications service for the Maine Central railroad in New England.

The partners have agreed to capitalize the French-registered company at 400 million French francs (\$65 million), but total investments will reach 700 million francs. said Daniel Hernandez of the Centre National d'Etudes Spatiales, the French national space study group that will head the joint venture. CNES has taken the largest stake, at 34 percent.

"We have received wide expressions of interest from truck fleet operators throughout Europe and railroads, primarily the SNCF." the French state-owned railway.

U vears.

The program will depend on getting gov-ernment approval and radio frequencies in and around urban centers. European countries, as well as a slot on Europe's Ariane satellite launcher.

40,000 trains circulating throughout West- tra SA, France's state-owned arms and ern Europe daily — could be hooked up to electronics company; the communications the proposed service. The cost to customers affiliate of SNCF and the French banking would be based on Geostar's monthly U.S. groups Banque Nationale de Paris. Comrates of about \$45 for each truck or train. Some high-speed passenger trains in Europe are equipped with radio transmission equipment, but they are used only on heavily traveled routes.

Joint Venture Aims to Track Vehicles in Europe With Satellite by 1991 Market studies have projected that Loc-star could have up to 800,000 users within by Western European truck operators, but such radios, linked to land-based commu-

> Locstar's other partners include MAN. the West German truck manufacturer; Mr. Hernandez said that the key markets STET. Italy's state holding company for - some 300,000 long-distance trucks and telecommunications and electronics; Maaffiliate of SNCF and the French banking pagnie Financière de Suez and Société Générale. They also include communications equipment and computer software companies in Denmark, Italy, the Netherlands, Norway, Sweden, and Ireland.

DAYTON: Bogus Bid Sways Stock

men for Dayton Hudson said the (Continued from first finance page) company had received no offer and cinnati-based private investment declined to comment further.

Mr. Herrlinger later was identified as a portfolio manager at Capi-

Capital Management, said he fired! tal Management The New York Stock Exchange Dayton Hudson. said it would conduct an analysis of price and volume changes in Day-ton Hudson stock surrounding the Hudson, which has said it wants to remain independent, was asking various reports to determine

whether any securities laws had been broken. In addition to the action in New York, at least 72,200 shares of the stock changed hands on the Boston Stock Exchange at prices in the low

Another block of 131,500 shares traded in the national over-thecounter market at \$63, which was the high for the day. Following the reports, spokes

Marathon Agrees to Sell Unit in West Germany

FINDLAY, Ohio - Marathon Oil Co. said Tuesday that it had agreed to sell its West German refining and marketing unit to OMV AG, the Austrian national oil com-

Marathon, a USX Corp. subsidiary, did not disclose the terms of the sale, of Deutsche Marathon Petroleum GmbH.

Asia Weekly net asset Pacific value on Growth 19-4-1987 U.S. 37.42 Fund Listed on the

Amsterdam Stock Exchange

HACHETTE

HACHETTE S.A. GENERAL ASSEMBLY OF SHAREHOLDERS

JUNE 18, 1987

Chairman's address

1986 has been a year of achievement for Hachette in three respects. First, the Group's trading results reached a record level, amounti to F.Fr. 215.7 million prior to appreciation and depreciation, and to F.Fr. 405.8 million following adjustment. These results were achieved notwith standing the very high level of investment over this trading period, in particular the acquisition of a majority shareholding in Europe 1 Communication as well as numerous developments and acqui-

Secondly, the share of foreign sales rose by 33.2% on the previous year, bringing this to 35.2% of total Group turnover, Penetration of "Elle" in the United States, acquisition of Curtis, secondlargest American news magazine distributors, and - jointly with the Groupe Bruxelles-Lambert taking control of and revitalizing the Belgian company Editions Dupuis, Europe's leading pub-lishers of comic strip books: these were the most distinguished milestones in the development of

our international activities during 1986. Thirdly, 1986 saw Hachette become a fullfledged, audio-visual group. Although the most obvious manifestation of this has been the takeover of Europe 1, one should also draw attention to the success of major television serials produced by Télé-Hachette, as well as motion pictures from Hachette Première, some of which received awards in the United States and at the Cannes Film Festival. In total, audio-visual business ac-counted for a sales figure of F.Fr. 1.5 billion in 1986, just over 10% of consolidated Group turn-

These impressive achievements, however, should not distract from our successes in more traditional fields of activity, such as book publishing which enjoyed its usual harvest of literary prizes, or the Hachette Education operation in making remarkable advances in its market sector, or "Télé 7 "Première", and "le Journal du Dimanche" breaking new circulation records,

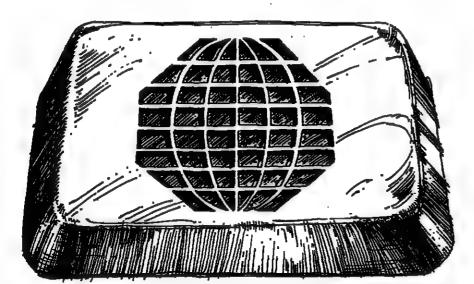
Such flourishing results testify to the dynamism of a Group at the top of its form in all its spheres of activity. Already, 1987 promises to be a year for breaking new records both in France and abroad, and in both trading results and profits.

One cannot refer to the beginning of 1987 without mentioning the competition surrounding the privatization of TF1. Only the future and the emergence of results will tell who was right those who were disappointed, or those who were relieved to have avoided an onerous, costly and risky undertaking. Nevertheless, we feel that nothing these days is permanently fixed on the French or European audio-visual scene, and that Hachette will unquestionably be playing a major role in this area in the near future.

Above and beyond this venture, there still persists our multi-media strategy with an eye to the 21st century; a strategy of investment in books, the press and the audio-visual field; a strategy of participation in every facet of the culture of our ime. We remain market leaders in France and are now determined to become the market lead-

ers in Europe. Bearing in mind this new phase into which we are entering, implying as it does tough competition, and where the front-line troops will perhaps be under greatest threat, I have developed an intensified and streamlined company structure which is already operational. The authority and responsibility of the Operational Groups will be increased, at the same time as reaffirming and strengthening the presence of Group General Management. Every individual in his or her field of activity, whether it be in books or the press, in audio-visual or distribution activities, will contribute to the development of the Group in France and throughout the world by cultivating at the same time that indispensable element which is their human capital, and by giving priority to their

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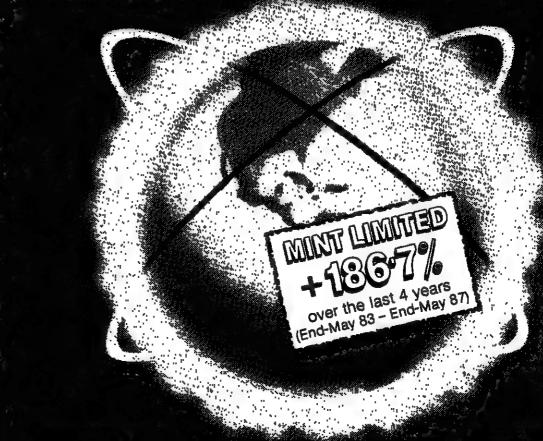
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DEBT: DOLLAR: A Split Emerges on Whether Slump Is Over U.S. Oves Most

said, from the overwhelming bear-ishness that has dominated the market for months. Dealers taking a positive view of

the dollar cited progress in reducing the U.S. budget and trade deficits, as well as relatively high U.S. interest rates and other signs that the economy is gaining strength. "I think we've seen the lowest

point for this year," said a dealer for an American bank in Frankfurt. While there are negative factors that will keep the dollar from climbing dramatically, as it did be-fore peaking in 1985, I think we'll see incremental advances bringing it to around 1.90 DM by the end of the year."

Other dealers disagreed. "There is no change in the trend," a dealer for a large German bank said. "It has taken the market several months to push the dollar up a few pfennigs, in a minor correction.

"The basic economic strength needed for a longer-term rise is not there," he added. "What does exist in the U.S. is massive debt that has to be financed and some serious economic dislocations.

London Dollar Rates 1.8345 1.5995 144401 1.5155 6.3195 lars and then everyone scrambled to sell because there were rumors the Fed was selling dollars," Mr. Holland said. "It shows how sensi-tive the bullish sentiment is right now to news and rumors."

The relative strength of the dolmain the dominant factors in the lar in recent weeks drew a mixed appraisal from bankers and offi-cials attending an international "On a volume basis," she said, there is more improvement in the monetary conference in Hamburg. For Karl Otto Pöhl, president of the Bundesbank, the dollar's pertrade deficit than shows up on a The dollar has fallen for seven

formance "confirms that the adrecovering."

But commercial bankers saw the current strengths as a technical reaction, with strength breeding strength as speculative short positions. strength as speculative short positions anticipating a further decline are closed out.

ish, so that is a change," she said.
"But the basic problems, the trade 1.8455 DM, up from 1.8353 Monday, and in Paris at 6.158 French francs, up from 6.1235. It closed in economic dislocations."

Mary Lynn McCaffery, vice president of foreign exchange for Citicorp in New York, said that the U.S. trade and budget deficits re
Mary Lynn McCaffery, vice president of foreign exchange for Citicorp in New York, said that the current market climate, said Daniel

Holland, vice president for foreign that it is at 0.136 French francs, up from 6.1235. It closed in Zurich at 1.5248 Swiss francs, down from 1.5277. In London the pound closed at \$1.5995, up from 6.1235. It closed in Zurich at 1.5248 Swiss francs, down from 1.5277. In London the pound closed at \$1.5995, up from 6.1235. It closed in Zurich at 1.5248 Swiss francs, down from 1.5277. In London the pound closed at \$1.5995.

cess, whether from a failure in tech- sions for managing risk - and con-

A major concern among bankers "Efforts are under way," said E. the close of the business day.

> Mr. Weatherstone suggested the creation of regional clearing mechanisms in Europe and Asia.

Separately, Federal Reserve complained that the high IV.S. bud-Chairman Paul A. Volcker on get deficit robs them of investment Tuesday denied recent rumors that income and is a primary source of he would join Continental Illinois sluggishness in the world economy. Corp. when his term expires in August. "Pve got no intention of going pan, which has supplanted the to any commercial bank," said Mr. United States as the world's largest Volcker, who is attending the con-ference here. creditor, will see its surplus exceed \$500 billion by the early 1990s.

exchange at Discount Corp. in New . ments overseas. which totaled York. \$1.068 trillion at the end of last

"The market went long on dol-The new figures confirmed the rapid pace of the country's plunge into debt. In 1982, the United States was the world's largest creditor nation with an investment surplus of \$141.1 billion.

But a string of record foreign trade deficits has wiped out that cushion, as Americans have transferred billions of dollars into the hands of foreigners by buying im-ported cars, television sets and a nultitude of other products.

The country's shift to debtor stajustment process is under way.
Markets are making the same assessment and therefore the dollar is pay off its foreign debt is by runtus is directly linked to its deficits

Although economists believe there will be a slight narrowing in the U.S. merchandise trade deficit In earlier European trading, the this year from about \$166 billion in dollar was fixed in Frankfurt at 1986, it will only slightly slow the buildup of foreign debt.

Economists are predicting that total U.S. foreign debt could hit \$1 trillion by the early 1990s.

Many economists believe such a heavy debt burden will reduce the U.S. standard of living as foreign-ers demand higher and higher interest payments just to service the as much as \$50 billion a year, by some estimates.

Transfers of such large amounts of money to foreigners raise conforeign investors.

President Ronald Reagan has proves how attractive investment in the United States is to foreigners. Foreign holdings of U.S. Trea-sury securities climbed \$12.3 billion in 1986 to total \$96 billion. Other governments, including Japan and West Germany, have long

Some economists predict that Ja-

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VOLVO: Automaker Drops Assembly Line, Sweeps Tedium Off Shop Floor

(Continued from first finance page) that more work is performed by teams of workers in the pre-assembly stage, before the parts are loaded onto the slow-moving carriers

weaving through the plant.
At Uddevalla, the work teams will perform an even greater variety of tasks. Volvo officials say that the plant will use a "standstill production" system, with workers clus-tered around a car while parts and materials are shuttled to the work

The cars will be mounted on Kalmar-type carriers, but they might remain at a work station for hours. Volvo workers look forward to the adoption of the new system; in

their view, the move away from assembly-line production at Kalmar has not gone far enough. Worker surveys show that 90 percent prefer the less structured pre-assembly work, even when the pace is faster, to the more regimented assembly tasks on the carriers.

Uddevalla promises an added want to move away from assembly line production faster than anyone else," said Peter Borjesson, a 38year-old worker and an official of the Council of Metalworkers

The best guide to Volvo's pro-duction is the two-story Kalmar plant, whose hexagonal, cellular configuration makes it resemble a giant honeycomb when viewed from above. Its innovative techniques have been copied both by other Volvo plants and other automakers, including General Motors Corp.

sometimes rocky. Start-up costs were high and progress often slow. Despite the occasional setbacks, Volvo remained committed to the belief that work teams and a shift away from assembly-line production was the right strategy.

Today, that patience seems justified. Over the past five years, Volvo's car operations have posted 20 percent presax profit margins and a percent return on total capital, figures that make it perhaps the most profitable automaker in the

Volvo's car division generated revenue of \$5.81 billion last year. The company has yet to report the car unit's profit for 1986, but in world," said Mr. Gyllenhammar. 1985, it reported earnings of \$974 "But now almost all our plants use

Recalling When Volvos Weren't So Chic

By John Holusha DETROIT - Volvos may be de rigueur among all those young professionals who have flocked to the American suburbs to raise their families, but it certainly

and the company sold only 1,600 cars in 1956, its first year in the Volvo's 480 ES, designed to compete with Japanese cars.

sensible car, the one identified with college professors, urban liberals and those who prided themselves on being immune to the wiles of Detroit's "Big Three." Volvo's U.S. sales growth was slow but steady, climbing to 25,155 cars in 1966

sales reached 113,267 cars. In recent years, the company has tried to change its sturdy, sensible look to one approaching the luxury-performance image of such high-priced West German cars as the Mercedes-Benz, In

clined. Companies also had trouble

workers something besides pay,"

said Mr. Gyllenhammar, who

pushed hard for the Kalmar plant

and to 43,887 in 1976. Last year,

addition to the basic 240 series, Volvo has introduced the larger. more luxurious 700 models, with some priced close to \$35,000.

It has begun to market horsepower, equipping its 740 models, including a station wagon, with powerful turbo-charged engines and five-speed transmissions.

The approach appears to be working. In the first five months of this year, Volvo sold 52,881 cars in the U.S. market. At that pace. 1987 sales would top

Bankers See Unsettling Risks in Settlements

dollar basis."

consecutive quarters, Mrs. McCaf-

fery said. But it will rise in the

current quarter from the daily aver-

age of the previous three months,

showing at least a newfound stabil-

market. There are some bulls,"

Mrs. McCaffery said. "I would say

75 percent of the market is still very

"It used to be 100 percent bear

"We're seeing more of a mixed

ity in the market, she said.

strongly bearish."

By Carl Gewirtz al Herold Tribune HAMBURG - Bank settlements procedures, an arcane backoffice function traditionally left to technicians, have moved up to the board room as still another risk for

bankers to be concerned about. This was made clear here Tuesday when the heads of the world's 109 largest commercial banks devoted half a day of their three-day annual International Monetary Conference to the subject. Of the five separate working sessions, this was the only one dealing with banking procedures.

Participants were told that the increasing globalization of financial markets and the explosion in the volume of daily transactions has raised the systemic danger of a breakdown in the settlements pro-

nology or the bankrupacy of a taining problems in the system if cerns that the U.S. economy could counterparty.

At the same time, bankers made cy." he said. clear that they are still at the stage of trying to define weaknesses rather than proposing solutions.

Gerald Corrigan, president of the New York Federal Reserve Bank. "But the issues are complex, and we don't want to be hasty in coming to grandiose conclusions."

Dennis Weatherstone, president of Morgan Guaranty Trust, described the problem as he saw it.

"We now have a huge, complex, interlocking system of national and global markets, operating 24 hours a day, with settlements procedures for both cash and securities varying widely among markets, and provi-

they do occur - still in their infan- become subject to the whims of

is the amount of time now taken to sought to play down the change in settle dollar-denominated transac- the nation's position, saying that it tions which, under current procedures get settled in New York at

million on revenues of \$5.48 bil-

was not always that way.

literally stood out.

U.S. market.

When Volvo AB of Sweden

first marketed its cars in the

United States in the 1950s, they

The graceless sedans resem-

Volvo now outsells BMW,

Audi, Mercedes-Benz and Saab in the United States, but has not

become the largest marketer of

pricy European imports by being one to embrace the latest fad.

U.S. automakers were emphasiz-

ing flashy styling, greater horse-power and size, Volvo focused

on durability, function and safe-

ty. Its advertising featured testi-

monials to the longevity of Volvo cars, and how well they protect-

As a result, Volvo became the

ed passengers in crashes.

In the 1950s and 1960s, when

bled cars that plied American roads in the 1930s and 1940s,

One reason Volvo is thriving is that its cars are high-priced, with base sticker prices in the United States ranging from about \$15,175 to nearly \$35,000.

Volvos, which long had a utilitarian image for Americans, are now seen as luxury cars and have become highly popular with young

But an equally important reason for Volvo's stellar performance is that its quality and productivity have improved markedly. Not all of recruiting young people.
"It was clear we had to offer the improvement can be attributed to innovation on its shop floors. but this clearly has helped.

"In the early years, a lot of peo-ple said Kalmar was for the birds,

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that it would never work in the real and skepticism throughout the in-The something extra was a dif-

Sales in Div. Ykl. 1805 High

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the same systems and, more imporferent working environment, more tantly, the same philosophy." varied jobs, greater responsibility The Kalmar plant, which opened for quality and an active role in in 1974, was largely an industrial decision-making. The new ap-response to Swedish social trends proach won praise from Sweden's in the late 1960s and early 1970s. social liberals, but many in the in-

The antagonism toward the busidustry doubted that it would be ness community throughout the West in that period was particular-For a while, the skeptics seemed to be right By the late 1970s, proly severe in Sweden, which had full ductivity and quality had slipped, while a weak dollar made Volvo's employment, restricted immigration, generous wellare programs cars more expensive in its biggest market, the United States. In 1980, and a liberal political tradition. In the auto industry, absenteeism rose and quality and efficiency de-Volvo's car operations had a loss of

more than \$45 million. Throughout that testing period. Volvo's management was convinced that the execution of its idea was flawed, not the principle of work teams. And through a series despite opposition within Volvo of small but significant improvements, the company was able to significantly improve its quality and productivity.



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Closing prices in local currencies, June 23.

BOOKS

By Vassily Aksyonov. 224 pages. \$15.95. Random House, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by Jonathan Yardley

E MIGRATING is something like going to your own tuneral. Vassily Aksyonov writes, "the only difference being that after your funeral your nervous system dies down." Aksyonov has experience of the phe-nomenon, having settled in the United States seven years ago after being invited to leave his native Soviet Union; the crimes for which he was exiled were resistance to official literary censorship and resignation from the Writers Union in protest against its expulsion of two editors. "In Search of Melancholy Baby" is Aksyonov's account of his exile, but though he writes harshly about Russian officialdom, it is not a bitter document; to the contrary, it is an exuberant, affectionate celebration of the United States and of the assimilation process. Aksyonov has lived and worked in Washing-

ton for most of his U.S. stay, first as a fellow at the Wilson Center and then as a teacher commuting to Baltimore — at Goucher and Johns Hopkins. He and his wife, Maya, after a stint in Los Angeles, worried that, "if Los Angeles seemed a backwater to us, what would we make of Washington?" The answer was a happy surprise: "We took to the place from the first. Perhaps it satisfied one minor complex from the emigre's bouquet of same. Here on Capitol Hill, between the Congress and its library, with colonnades competing against trees on every side, you can rocall Saint Petersburg; walking along the brightly painted facades of Georgetown, you can approximate a Britain that still exists; sitting in a sidewalk softe in Demonst Circle you can eatth the unicafe in Dupont Circle, you can catch the universal Parisian spirit. Was it the call of the capital? An imperial imperative?"

Whatever it was, it caught Aksyonov and shows no sign of letting him go. Much of "In Search of Melancholy Baby" is a love song to Washington, celebrating everything from its architecture (!) to its ethnic neighborhoods to its political-journalistic society, in which Aksyonov evidently moves with ease and plea-sure. But it is a love song tinged with an appropriate measure of regret and vertation.

He's not so kind, though, to American culture. "From within," he writes, "I see with mounting astonishment that for all its scope, the American literary, theatrical and cinematic

Solution to Previous Puzzle

IN SEARCH OF MELANCHOLY establishment has certain traits in commonwith a general store: preference for the hor item, fear of risk, sheer panic at the thought of item, fear of risk, sheer panic at the thought of item.

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innovation." Aksyonov celebrates jazz and wonders at its low prestige in the land of its origin. When he writes about how jazz "in Russia had been the epitome of America to me," and then observes that "during my first years in America I was shocked to learn that jazz was a rare guest in its homeland." "From the moment I heard a recording of "Melancholy Baby." Aksyonov writes, "I couldn't get enough of the revelation coming to me through the chadous. coming to me through the shadows . . . that 'every cloud must have a silver lining.' "It is in Russia that he found jazz, in the United States that he continues his quest for the silver lining.

Jonathan Yardley is on the staff of The Wash-

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 book roughout the United States. Weeks on list are not necess agentius.

PALE KINGS AND PRINCES, by Robert FINE THINGS, by Danielle Steel . HEIRESS, by Janet Dailey
WINDMILLS OF THE GODS, by Sidney EMPIRE by Gore Vidal
THE TIMOTHY FILES, by Lawrence MORE DIE OF HEARTBREAK, by Saul THE LADIES OF MISSALONGHI, by

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SPHERE by Michael Cricbon 12
DESTINY, by Sally Bensiman 12
TEXASVILLE by Larry McMartry 10 NONFICTION THE CLOSING OF THE AMERICAN

MIND, by Allan Bloom
HAMMER, by Armand Flammer with Neil-CULTURAL LITERACY, by E. D. COMMUNION by Whitey Spieber
A DAY IN THE LIFE OF AMERICA (Collins Publishers)
THE DIFFERENT DRUM, by M. Scott Peck
LOVE MEDICINE & MIRACLES, by
Bemie S, Siegel
GLORY DAYS, by Dave Marsh
HOLD ON, MR. PRESIDENT: by Sam Domaidson
EVERYTHING TO GAIN, by Jimmy and
Rosalton, Carter
GRACE, by Junies Spannia

CRACE by James Spanis A SEASON ON THE BRINK by John 13. THIS 'N THAT, by Bette Davis with Mi-Charl Herstowitz
THE FATAL SHORE, by Robert Hugher
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By Alan Truscott

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begin at noon Wednesday, up to two hours earlier

center court crowd when they stepped out to start

play, after a false start aborted by a shower an hour

Becker, bidding to become the third man to win

three successive Wimbledon titles since the chal-lenge round was dropped in the 1920s, brought

more cheers with acrobatic shots, including a win-

ning volley in the second set that he hit with his left

hand after switching the racket on the dead run from his normal right-hand grip.

The 19-year-old West German broke Novacek

for a 3-2 lead in the third set on a backhand that

skipped off the net cord and dropped over, leaving

holding serve at love with two aces, a service winner and a backhand drop shot.

Monday that they might consider moving the start of the tournament back a week to try to catch

In the 10th game, Becker finished the match by

Amid the persistent rain, organizers had said

the Czechoslovak sprawled on the grass.

Becker and Novacek received cheers from the

SPORTS

Barriers Seen To Export of NFL Games By Samuel Abt Herald Tribun.

International Herald Tribune
PARIS — Tickets for the Denver Broncos-Los Angeles Rams exhibition game in London on Aug. 9 are going quickly and a sellout of the second 1 80,000-seat Wembley Stadium is expected for a second year. But where else outside North America

where else outside North America can a fan hope to see a National Football League game live?

Nowhere, Brian Sipe thinks. 'It's land in not going to happen anytime to be soon,' the former quarterback for the Cleveland Browns admitted. Harry Carson, the inside line-backer for the New York Giants, spuld only agree. The Giants were gvited to play the Broncos in Lon-

invited to play the Broncos in London this summer," he said, "but the coach decided he didn't want the saim to be distracted by the travel said planning involved."

July 10 the turnout for the saine in Wembley last year, Sipe was asked at a French news conference whether more U.S. teams were sonsidering enhibitions in Paris. considering exhibitions in Paris, sty, or Frankfurt or Rome. His initial answer was that NFL teams ought to be interested.

Now he was having second thoughts. "I haven't talked to any ody from the franchises." he said. "What I meant is that the teams would have to look at Europe as a potential television market, which s where the big bucks are. At least I would lock at it that way.

"What I should have said to the French is that 'If you like NFL football, the league will find out and bring it here. It's a matter of money. But you have to like it a lot,

In 1978, Carson recalled, "the Giants were invited to Mexico City by the Mexican government, all expenses paid, just to hold a training camp. We practiced three or four days, no pads, just jerseys and helmets, and the stadium was full.

Thousands of people."

Carson and Sipe were brought to
France by the U.S. Embassy and the NFL Players Association to further the sport, and Sipe wanted to end by providing some hope.

"NFL coaches are all pretty much the same in their thinking." he said. "Nobody wants to be taken for an oddball, scheduling exhibition games around the world. But if they're all doing it, nobody could complain. That's the key to it: Lots

of international games.

"And why not? When I was with the Cleveland Browns, we played exhibition games in places like Lincoln. Nebraska, and Stillwater. Oklahoma. The idea was to build up the market. So why not London or Paris or Rome?

Why not indeed?

NBA Stars Are to Play 2 Exhibitions in Spain

two-game tour of Spain.

The 24-man squad includes such over in the first half-hour of the players as Tree Rollins of the Atlanta Hawks, Rolando Blackman of the Dallas Mavericks and Charles Barkley of the Philadelphia charles, to be picked within the top the played his college ball at North-born, 7-foot center from the Uni-76crs. The NBA stars are to play an 23. When the Bullets announced intrasquad game in Valladolid on Bogues, Williams jumped out of his player in the first round, The Asso-Thursday and a Spanish all-star seat in the interview room and be- ciated Press reported. team in Puerto de la Cruz, Canary gan slapping high fives with every- In the third round, the Atlanta from Italy, and Franjo Arap Islands, on Sunday.

In the third round, the Atlanta from Italy, and Franjo Arap Hawks chose 6-foot-10, 235-pound 7-1 center from Yugoslavia.



Boston's Dennis (Oil Can) Boyd on the way to a 5-2 victory over Milwaukee in his first start of 1987, after arm trouble.

The Oil Can's Fixed, **And Red Sox Are Glad**

Compiled by Our Staff From Disputcher BOSTON — The Boston Red Sox have reason to feel good about baseball again after watching Den-nis (Oil Can) Boyd pitch for the first time this season.

"It's good to be back," Boyd said after allowing only five hits and two runs Monday night in his 1987

BASEBALL ROUNDUP major-league debut. Boston defeated the Milwaukee Brewers, 5-2 in a game called in the eighth inning

because of rain. Boyd threw 82 pitches in an impressive return from the disabled list. Except for three rehabilitation starts in the minors, he had not pitched since a Florida exhibition game March 25 because of tendinitis in his right shoulder. Boyd, who left after seven in-

nings, was in a happy mood in the clubhouse after the game was called with reliever Calvin Schiraldi on the mound "My arm feels good, no pain at

all, no tightening up," Boyd said. He said, "I feel I'm still capable of winning 15 ball games, and those 15 games will be credited to the team. I think I'm a big plus. I can

help the team get going."
It's been a struggle since the start of spring training for the Red Sox, who lost last year's World Series to the New York Mets. Pitching ace Roger Clemens held out all spring and got off to a slow start; and men like Jim Rice, Dave Henderson and Marty Barrett have fought season-

Boston is 32-37. 1012 games behind Toronto and New York in the

American League East. Before taking the mound, Boyd said. "I watched my cartoons to keep my mind off the game."

Wade Boggs extended his hitting streak to 23 games and raised his average to 380 with two singles. He also walked and scored a run in a

three-run third.
Athletics 4, Royals 1: In Oakland, the Athletics snapped Bret Saberhagen's six-game winning streak as Steve Ontiveros won his fourth straight. Jim Eisenreich, in his return to the major leagues after a three-year absence caused by a nervous disorder, pinch-hit and ended the game by fouling out. Yankees 7, Orioles 3: In Balti-

more, Willie Randolph and Dave Winfield drove in two runs each during a five-run seventh inning to send Baltimore to its 21st loss in 24

Tigers 2, Blue Jays 0: In Detroit, Frank Tanana pitched a five-hitter for Detroit's first shutout of the season and Alan Trammell hit a

home run for the Tigers. Mariners 3, White Sox 0: In Chicago, Scattle's Mike Moore and Bill Wilkinson combined on a seven-

Angels 7, Rangers 3: In Arling-ton, Texas, the California rookie DeWayne Buice struck out six batters in 415 innings of four-hit relief for the victory.

Cubs 3, Pirates 2: In the National League, in Chicago, Keith Moreland blasted a two-run homer in the ninth for the Cubs.

The NBA Draft Was a Little Man's Biggest Hour

By Michael Wilbon

Washington Post Service NEW YORK - David Robin son decided to pose with Vice President George Bush and play a few holes of golf Monday, rather than come here for the formality of being selected by San Antonio as the No. 1 pick in the NBA's college draft. No suspense there. But later in the first round, the Washington Bullets created lots of excitement.

With the 12th pick, the Bullets drafted a man who, if he makes the team, will be the National Basketball Association's smallest player ever — the 5-foot-3 (1.61-meter) point guard Tyrone (Mugsy) Bo-gues, from Wake Forest.

Bogues helped make history again about 45 minutes later when his former high school teammate. Reggie Lewis, was drafted with the No. 22 pick, by the Boston Celtics.

Bogues and Lewis had played together at Baltimore's Dunbar high school, along with Reggie Wilhams of Georgetown. And with Williams having been picked No. 4 by the Los Angeles Clippers, it was the first time that three high school teammates had been drafted in the

WASHINGTON — A team of ... Williams said that before the really surprised," Robinson said. National Basketball Association draft, "I was really, really nervous, all-stars was leaving Tuesday for a like I am just before a game."

Williams said that before the photo session with Bush. "I m not really surprised," Robinson said. "There's a lot of options open to like I am just before a game." Williams said that before the

when Lewis's name was announcedwas only slightly more subdued. We were all determined, we all

wanted to make something of our-selves," Williams said. "I knew we'd all have productive college careers. But you just can't expect, with all the tens of thousands of players across the nation, that three little guys from one team would wind up going in the first round like this. "I'm really proud of Mugsy.

How long has he been proving people wrong, the people who keep saying he's too small?"

Bob Wade, who coached the three at Dunber and is now coach at University of Maryland, said: "I'm proud of every last one of them. But for a guy like Tyrone to beat the odds and be the 12th pick of the first round is just fantastic. Monday's proceedings started off when San Antonio called the

name of Robinson, Navy's 7-1 all-

America who probably won't be able to join the Spurs for two years because of military duty, if he decides to play there at all. Robinson got the official word while at Indian Springs Country Club in Wheaton, Maryland, for a

charity golf tournament after a photo session with Bush. "I'm not Since Williams's uncertainty was the city and the people."

The Philadelphia 76ers took the draft. versity of Washington, as the 16th



Tyrone Bogues, who is 5-foot-3, shaking hands in New York with another first-round choice, Dallas Comegys, 6-9.

Song Tau of the Chinese national team, and Atlanta did not choose Marchulemis of the Soviet Union, a an American player for the rest of

The Hawks then took Theofania Christodoulou of Greece, a 6-8, 210-pound forward; José Antonio Montero, a 6-4 guard from Spain; Ricardo Morandoti, a 6-6 forward from Italy, and Franjo Arapovic, a

Golden State took Cherunas Jock Wallace, a Scotsman. their players to come play in the

cials announced that play on all courts would **British Managers' Iberian Migration** Kendall, an astute man who at championship marathon. Some of

stretching truth a bit to suggest the British are colonizing Spain. But soccer missionaries, part of the export package during Britain's empire building, are gathering on the Iberian peninsula.

By Friday seven British managers will be running Spanish clubs. Three more work in Portugal.

English is back in vogue. Lousy linguists, the British may be, but pesetas by the billion are gambled on Anglo-Saxon discipline and rig-

or transforming the Latins.

Terry Venables set the pace by guiding Barcelona to last year's Spanish championship. John Mor-timore has just led Benfica to Portugal's league and cup double, a feat promptly followed by his removal at the whim of a new club president who wants Carlos Parreira as coach.

Parreira is a winning coach in the United Arab Emirates, but he flopped in Brazil.

Mortimore's next port is Betis of Seville, whose local rival Sevilla is driven by the hell-fire coaching of

in another corner of Spain, John 6-3 guard, in the sixth round. To shack, former center-forward of "We've kind of gotten a feel that Liverpool and of Wales, has won the Russians. . . are going to allow an extended contract from Real Sociedad de San Sebastián.

NBA, if possible, after the '88
Olympics," said the Warriors coach, George Karl. "This would put the Market of age." he on Everton to tackle declining Athone in Everton to tackle decli

LONDON — It would be 17 was the youngest player in a kendall's men must have suspected tretching truth a bit to suggest the wembley cup final, quits Everton his mind was occasionally in another league. victory in the championship and also the FA Cup and Cup Winners'

Cup inside three years. He had a contract with two years

Hot-air inflated covers shielding Wimbledon's courts before the rain let up Tuesday.

Wimbledon Rain Ends, Becker Wins

WIMBLEDON, England — Boris Becker began

his rain-delayed defense of the Wimbledon men's

tennis championship Tuesday with a 6-4, 6-2, 6-4 victory over Karel Novacek of Czechoslovakia.

Second-seeded Ivan Lendl defeated Christian

Edberg, the fourth seed, downed another Swede.

Stefan Eriksson, 6-0, 6-0, 6-0. It was the first

whitewash at Wimbledon since the open era of

Almost 28 hours after it was supposed to start,

play got under way on the center court and 17 surrounding grass courts at the All England Lawn

Rain that washed out Monday's play and half of

To accommodate the backlog of matches, offi-

Tuesday's card threatened through the late after-noon but held off to allow the first series of

Saccanu of West Germany, 6-2, 3-6, 6-3, 7-5, and

Stefan Edberg of Sweden won his first match

without losing a game.

tennis began in 1968.

matches to be played.

Tennis Club.

ROB HUGHES new four-year deal worth more than any manager in England.

Yet Kendall catches the gravy plane to Spain, to sunshine, benevolent taxation, and fanatics who have not - yet - forced anyone to ban their teams.

Kendall dismisses talk of Bilbao paying him 45 million pesetas (\$355,650) simply to sign on. "If all I'd wanted was to be secure," he says. "I could have accepted Everton's very, very attractive offer and jogged along for four years.

But there is that little bit of

ambition in me to go out and work on the continent. That flame of ambition.

An old flame, Last year Kendall was sounded out as a possible restayed, and when Venables recently signed for another year in Catalonia he is said to have recom-

"An offer you couldn't refuse?" ment of the pre Kendall was asked. "An offer the Atletico Madrid. club felt they couldn't refuse," he

selling he cajoled consistency from life back into the club.

Everton is not the optimum in the grand scale of things. England lost financial viability when its clubs were barred from Europe, to run and employers who offered a and Everton's plea for the European Parliament to curtail free move ment of talent is futile.

Not least important was Ken-dall's desire to be a coach, in the Spanish custom, without burying himself beneath mountains of managerial office work as in England. Kendall joins a club steeped in British ways (hence Athletic and

not Atletico). Bilbao has thrice turned to English coaches. Many years ago Ar-thur Pentland led the club; more recently Ronnie Allen turned a poor team into Spanish champion. Kendali, given two years to do a similar job, will not achieve it by spending: Every man in Bilbao's

seven teams is a Basque. "It takes time to understand the Basques," observes Toshack in San Sebastián. They are completely different from the other peoples of placement to Venables. Venables Spain. In the south they would throw their arms around you, but you really mean nothing to them. Here, once the people understand mended Kendall to the Bilbao what you are trying to achieve, they

ter the World Cup for almost £3 Manchester United, Ron Atkinson million (\$4.76 million).

Manchester United, Ron Atkinson awaits Friday's official announcement of the presidential race at

A club torn to near-bankruptcy by internecine quarrels, Atletico is Since losing Lineker (21 goals for likely to vote in a new savior, Salva-Barcelona this season) Kendall dor Santos Campano. He, we are overcame injuries to seven of Ever- told, thinks Atkinson has the perton's team. Cleverly buying and sonality and expertise to breathe

No major English club thought Everton found there was life af-ter Lineker. Yet consider what it all that cuts two ways. Spaniards must have taken to motivate such a don't put much faith in their own,

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PITCHING

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4-1, 857, 2.47; Sabertageri, Kampas City, 12-2,
857, 2.33.
Strikeouts; Langston, Scottle, 133; Clement, Boston, 103; Higuero, Mitwaukes, 100;
Swindell, Cleveland, 92; Alwitt, California, 91,
Saves: Piesac, Mitwaukes, 14; Jihowall,
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MATIONEN, 14; Menke, Toronto, 12, PITCHING

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innati. 57 : Caleman, St. Louis, St; JClark, St.

cinneti, 57; Coteman, 51. Louis, 54; J.Clark, 51. Lauis, 53; Geynin, San Dieso, 47. RB4s: J.Clark, 51. Louis, 66; Dewson, Chico-po, 63; EDevis, Cincinant, 61; Wallach, Mon-fredt, 60; McClee, 51. Louis, 52. Hits: Gewinn, San Dieso, 90; Maldonado, San Francisco, 88; Hatcher, Houston, 86; Leonard, San Francisco, 85; DMurphy, Allan-to, 82.

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Cincinneti, 72: Dawson. Chicago. 20: J.Clark, 31. Louis. 20; Strowberry, New York. 20; Virgil, Allants, 20.
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PTCNING
Wen-Losf/Winsing Pct/ERA: (5 decisions)—Leach, New York, 54, 1,000. 249: Magrane, 51. Louis. 5-0. 1,000. 257; Hoffman, Circinneti. 6-1, 287, 102; Meacis, Mounten. 5-1, 233.
6,35; Alexander, Atlanto. 4-1, 200. 226: Mc-Cinnoti, 6-1, 257, 1.82; Meads, Houston, 5-1, 252. 6,25; Alexander, Atjento, 4-1, 200, 3,26; Mc-Ciure, Mantreol, 4-1, 200, 4,56; Traut, Chicaso. 41. 800. 248. s: Scott, Houston, 125; Ryon, Hous-Strikeers; Scott, Houston, 125; KYOL, Horshiser, Jon, 199; Fernandet, New York, 91; Hershiser, Los Angeles, 87; Volenzuera, Los Angeles, 81, Saves; LeSmith, Chicago, 19; Bedraelan, Philosebhok, 16; Worrell, St. Louis, Mr. Fran-co, Cincinnoti, 14; DSmith, Houston, 13.

Tennis

Wimbledon

MEN'S SINGLES First Round

Borls Becker (1), West Gernamy, def. Karel

Royacek, Czechoslovekia, 6-4, 6-7, 6-4.

Stefan Eckery (4), Sweden, def. Stefan

Erlisson, Sweden, 6-6, 6-9, 6-9.

Eritisson, Sweden, 6-0, 6-0. 6-0. Ivan Lendi (2), Czechoslovskie, det, Christien Sociativs, West Germany, 6-2, 5-6, 6-1, 7-5. Poi Cosh (11), Australio, det, Morcat Freeman, U.S., 6-0, 6-3, 6-2. Jockim Nystrom (13), Sweden def, Henrik Sundstrom, Sweden, 6-2, 6-7, 6-4, 6-3. Westy Masur, Australia, det, Casale Matta, Borti, 6-3, 6-4, 6-4. Brozil, 6-2, 6-4, 6-4 Brozil, 6-2, e-4, b-4. Guy Farget, France, def. Thomas Musier, Austria, 6-4, e-4. Stephen Shaw, Britain, def. Todd Wilsten,

115. 61 64 61

. . . .

NBA Draft Selections

cound-by-round selections in the 1967 No-101 Booketball Association druft, held Mex-FIRST HOUND

1, Son Antonio, David Robinson, 7-L.c., Kenv. 2. Phoents, Armon Gilliem, 6-9, f. Ne'vodo-Lož Vegos, 3, New Jarsey, Dennis Hooton, 6-5, 9. Ohio State, 4, L.A. Cilpeers, Repgle Williams, 6-7, 9-1, Georgehour, "-5. Scottie (from New York), Scottie Pfapan, 6-7, f. Central Arkan-sos, 4, Socramesto, Kenny Sentin, 6-3, a, North Caroline, 7, Cleveland, Kevin Jahrson, 6-1, s. California, 5, Chicogo (from Denver through New York), Olden Patynica, 6-11, c. Virania-1. San Aniento, David Robinson, 7-1. c. Navy

Rimini, Iruty.

9, Seaftle, Derrick McKey, 5-4, 1. Alabama.
10. Chlodgo, Harace Grant, 5-10. F-c. Clemson.
11. Indiana, Reggle Miller, 5-7, 9-f. UCLA. 12. Washingtan, Tyrone Bosues, 5-3, 9-f. UCLA. 12. Washingtan, Tyrone Bosues, 5-3, 9-f. UCLA. 12. Foot, 1-1-6, North Caretina. 14. Golden Safe. 7el-lis Frank. 5-10, 1. Western Kenfucky. 15, Utah. Jose Orliz. 6-10. 1. Orașon State. 14. Philadelphia. Chris Weip. 7-0, c. Washington.

12. Destroy. Breath States of Land.

phia, Chris Weib, 7-0, c. Washington.

17. Portiand, Ronnie Murphy, 4-5, 9-1, Jacksonville. 18. New York (from Milweukee Ihrough Seattle). Mark Jackson, 6-3, 9. St. John's, 19, L.A. Cispears (from Defroit). Kan Horman, 4-6, f., Illinois, 28. Dalles, IJm Farmer, 6-4, 8. Alabama. 27. Atlanta. Dallas Comeyrs, 6-9, f. Defaul. 22, Basion, Regie Lawls, 6-7, 9-1, Northeastern, 23, San Anisma (from L.A. Labers), Greg Anderson, 6-18. c-f. Housen. (~-Iroded of canClusion of round for draft sick. so. 3). SECOND ROUND

24. Detroit (from L.A. Cliopers through Seat-tie). Freddie Banks, 6-2, g. Nevado-Las Vegas. 35. New York, Ron Moore, 7-8, c. West Virginia 25. New York, Ron Moore, 7-4. C West Virginia Stole, 25, Dollos (from New Jersey), Slavet Albord, 6-2, 9, Indians, 27, San Antonio, Note Blackwell, 6-4, 9, Temple, 28, Chicope (from Socramento through Deiroll), Ricky Winstews, 6-4, f., Houston, 29, Portigod (from Clevetand), Leafer Fortville, 7-0, C. Jeckson Stole, 35, Partiond (from Pheenix), Nikita Wilson, 8-8, f. cathlone Stole, 35, Stole, 31, Caroller, Meson, 6-7.

I, Lavolt, III.

23, Allhauther from Scottle1, Bob AscConn.
4-9, i. Moreneoti Stote. 33, Chicoso, Tony
White, 4-2 s. Tennesse. 34, Indiane, Brian
Rowsom, 4-9, i. North Caralino-Wilmington.
55, Nouthon, Doug-Lee, 6-4, S. Purtue. 34, Weshington from Golden Stote). Durse Woshington. 4-4, s. Middle Tennesses Stote. 37, WashIngton, Darrich Dowell. 4-4. 1, Southern
Colifornia. 38. L.A. Clipsers from Utah
frough Detroit). North Calamon. 4-5, i. Konsos Stote. 39, Phillodelphia, Vincani Askaw, 4-6.
9. Membals Stote.

40. Milwaufas (from Portland). Winston

g. Membils Stote.

dl. Milwoyleer (from Portland). Winston
Gerland, 4-2 g. Seuthwarst Missouri State. 41.
Cievaland (from Allwoylee). Kannard Johnsyn, 4-7, f. Western Kentucky. 42. a. Misston
from Detroit). Terrance Balley. 4-2, g. Wosner. 43. Philadelship (from Daltes fhrough
Haw Jersey). Andrew (Samady. 4-7, L. Virgila.
44, Allanto. Terry Contr. 4-1, s. Alaborno.
45, Besten, Brod Lehous, 7-0. f. (swe. 46, Phos

niz (from L.A. Lokers through L.A. Clippers Terry Williams, 6-9, 1, Sout and Defroil), Bruce Dairymple, 6-4, 2, Georgia Washington, Patrick Fair THIRD ROUND

Basketball

Third naund

47, L.A. Cissers. Tim McCalister. 4-3, 9.
Oklohoma. 48, New Jersev, Jamie Walter. 4-4,
9, Virginia Union. 49, serv Yorv. Jerome Baliste, 6-9, 1. McNesse State, 58, Son Antonio.
Phil Zevenbergen. 6-10, 1, Washington. 51, Soccomealo, Sven Maver. 6-11, c. Oregen. 52,
Cleveland, Danald Roval. 6-7, 1, Notre Dama. Cievelond, Donald Roval, 4-7. f. Notre Dame. 52. Pracenty. Winsten Crite, 6-7. f. Texas A&M. 52. Demer. Tom Scnofer, 6-7. f. Iowe Stote. 55. Seaffle, Tommy Amoter, 6-6. e. Dulve. 56. Chicago, John Fev., 6-7. f. Alliteraville. Pa. 57. Philodesphia (from Indiana). Hansi Gnad, 6-18. c. Aloska-Anchorage. 58. Galden Stote. Darryl Johnson. 6-2. g. Nichtigan State. 59. Washington, Danny Pearson, 6-4. e. Jucksenville. 60. Indiana (from Houston), Segn Couch. 6-19. g. Columbia. 6. J. Tun, Clarence Martin, 6-8. f. Western Kentucky. 42. Philodelphia. 6-8. f. Western Kentucky, \$2, Ph Eric Riggins, 6-9, f. Rutsers.

Eric Riggins, 6-7, f. Roharra.

43. Portland, Kevin Gamble. 4-8., lawa. 64.

Aliwaukee. J.L. weber. 6-7, f. Wisconsin. 65.

Detroil, Eric White. 6-8. f. Peoperdir.e. 64. Dailos.

Mile. Richmond. 6-9, f. Peoperdir.e. 64. Dailos.

Asianto, Song Tay. 6-9, f. Châng. 65. Urah throm

Boston). Biliy Danovan. 6-0, g. Providence. 69.

L.A. Lakers. Willie Glans. 6-4, f. 51. John's. FOURTH ROUND

hev, 6-7, f. Virginia, 71. New York, Alike Mor-gan, 6-6, f. Droke, 72. New Jersey, Andrew Moten, 6-6, g. Florida, 73, San Antania, Tadd May, 6-8, f. Pikaville, Ky. 74, Sparamento, Joe Arlauckes, 6-8, f. Nipparo, 75, Cleveland, Chris Dudley, 4-10, c. Yale. 76. Pho

S. Philodelphia, Brian Runilly, 6-12, f. Tuisa.

& Parriand. Pas Wee Barber, 6-1, s. Florida
Slots. \$7, Mihrebuke. Darryl Bedlerd. 6-8. l.

Austin Peav. \$8. Detroit. David Peason. 6-7-2.

North Carolina. \$9, Detroit. David Peason. 6-7-2.

North Carolina. \$1, Detroit. \$1, Detr

Nearth Caralina. 89, Datios, David Jennam. 4-8, I., Oktobama. 89, Atlanta. Thedonis Christotaulou, 4-8. I. Greece. 91, Basian. Derryt Kennedy, 1, 6-5, Oktobama. 93, Atlanta. Thedonis Christotaulou, 6-1. Greece. 91, Basian. Derryt Kennedy, 1, 6-5, Oktobama. 93, L.A. Lalisra. Ralph Taily, 6-1. 9, Martak. Stote.

PIFTH ROUND

93, L.A. Clippers, Chad Kessler, 6-8, I. Georgia. 14, New York: Gien Clem, 6-1. 6. Centrol. Michigan. 141, Indiana, Aborte Hotcher, 6-1. 9, LCA. Clippers, Chad Kessler, 6-8, I. Georgia. 14, New York: Gien Clem, 6-1. C. Vanderbill. 96. Spa Antonio. Desmis Williams. 4-4. 9. Georgia. 77. Socramento. Vermon Cort. 6-4. 9. Akichigan Stote. 92. Cortespan. New York: Gien Lieg. Bernt Courts, 6-9. I. New Yorkson. Grandson. 6-8. I. New Orisams. 102. Ohlogo, Anthany Wilson. 6-4. 9. Courses. 102. Ohlogo, Anthany Wilson. 6-4. 9. Louisiants State. 103. Indiano. Mike Allinia, 6-4. 9. Horth Caraling Charlets. 104. Hospita. Among. 1-7. 1-7. Cytogotovia. 146, Boerry Carocoma, 8-9, I, Northeastern. 165. Golden State. 164. Sen Vanderschaad, 6-8. I. Centrol. 165. Colden State. 164. North Caraling Charlets. 104. Hospita. 165. Colden State. 166. Colden State. 167. Colden State.

161, Scottle, Michoel Tuli, 6-2 e, Clemson, 162, Chicago, Anthony Wilgon, 6-4, v. Louislams State. 103, Indiana. Mike Milmas, 6-6. I. North Caroline, Charlette, 109, Houston, Andre Lo-Flaur, 6-3, g. Northeastern, 105, Golden State,

on. Patrick Fairs, 6-5, 9, Texas. 107, Utah, Bart Kalaed, 6-5, a, Kearney State, Neb.

109. Portland, David Mass. 6-7. f. Tutsa. 110, Milwaukee, Brian Voustus, 6-8. f. Cai-Santa Barbara. 111, Detroll, Gerry Wright, 6-8. f. (sew. 112, Dallas, Sam Hill, 6-4, f. lows State. 113. Altanto, Jose Antonio Montero, 6-4. s. Ssoils. 114, Beston, David Butler, 6-9, f. California. 115, L. A. Lokers, Kenny Travis, 6-2. g. New Mexica State.

EIXTH ROUND

116. L.A. Clippers. Morrin Nesslev. 7-2, c. Duks. 1)7. Naw York. Howard Triche, 6-6-1, Syrocuse. 118. Naw Jersey, Perry Bromwell, 6-1, g. Pennsylvanic. 119. Son Antonia, Ricky Brown, 6-8, f. South Alabama. 120. Socramento, Darys Thombs. 6-7, J. Indiana. 121. Cleveland, Horeld Jensen, 6-5, g. Villanova. 122. Phoenia, Marcal Boyca. 6-6, f. Akron. 123, Denter. Kalula Syndynama. A. 1, New Marke. ver, Keivin Scorborough, 4-1, g. New Mexico, 134, Seottie, Torr Greeting, 4-16, e. Brigham Young, 125, Chicogo, Doug Altenberger, 4-4, g. Illinois, 126, Indiana, Gary Oraham, 6-4, g. Illinois, 126, Indiana, Gary Oraham, 6-4, g. Nevodo-Las Vagas, 127, Galden State, Chersons Marchulemis, 6-1, g. Soviet Union, 128, Washington, Dwayne Schotten, 6-9, t. Washington, Dwayne Schotten, 6-9, t. Washington State, 129, Houston, Fred Jenkins, 6-4, g. Boomfield College, N.J., 131, Philodelphia, Tracy Foster, 6-4, g. Alabamo-Birminigham, 132, Perford and Alabamo-Birminigham.

Foster, 6-4, 6. Alabomo-Birminipham.

132. Partiond, Bernard Jackson, 6-3. s. Lave
le, III. 133. Milwaukee, Gop Elmore, 6-5, 1, VIAI
134. Detroit, Antoine Jaubert, 6-5, 6. Michteen
135. Dalios, Guinton Gots, 6-7, 1, Tenas-E
Posto, 136. Alfanto, Ricardo Aharondari, 6-6, 6
Italy, 137. Beston, Tim Moegell, 6-7, 1, Wisconsin-Stevens Point, 136. L.A. Lakers, Frank
Ford, 6-4, g. Auburn.

15. Abdrauerte.

78. Segritle. Todd Linder, 6-7, 1, Tampo. 79.
Chicoso, Jack Holey, 6-10. c. UCLA 80, Cleveland (from Indiama). Carven Holcombe. 6-5.9.
Texas Christian. 81. Washington. Scott Thomacan. 6-11. c. San Diego. 82. Houston. Job Niego. 6-6. 9. Levels. III. 82, Golden State, Benale Botton. 6-8. 1, Nerth Carolina State. 84.
Uph. Revben Holmes. 6-11. I. Alabama State. 85.
Philodelphia, Brian Runilly, 6-12. (, Tulso. Scott Adubato. 6-4. 9. Urgaia. 144. Clevelang. Raynard Davis, 6-7, 1, Texas, 143, Socramen Scott Adubata, 6-4, s. Upsala, 144, Clevelar





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Cars

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OBSERVER

Upstairs, Downstairs

NEW YORK — The Goetz in their first response to the Goetz verdict, said they feared it would ernment.

City has failed for years to provide normally dangerous life of young its subway passengers with ample black men even more perilous.

It will be said that New Young A generation of newspaper stories about subway riders robbed, beaten, raped and killed has recited the The city's problems are too hard

New Yorkers lacking a zest for racial stew too intense for New adventure abandoned the subways York ever to be as peaceful as a long ago and even bolder citizens small town in Indiana. tended to look for buses once night

became obvious, subway users de- ly trundled out as a feeble excuse veloped a sense, possibly distorted for not doing things that could be but nonetheless ominous, of the done if people in charge wanted subway as a danger zone.

New York reinforced the riders' illusion of venturing into no man's land by sealing its token sellers inside bullet-proof booths and letting subway stations and trains become eloquent symbols of impotent government

government wasn't doing a very good job down there to the paranoid's conviction that nobody overhead cared what happened to you down there so you'd better be

ready to make your own law. also failing up on the surface. Sta-tistics showed that 9 crimes out of 10 brought no arrests and that the that, they are for life's losers. few who did get caught rarely went

ing to this paranoia lacked only a sine is a life of failure.

Nobody who wants to run things about the failure of justice to give in New York, or just to get into a us the Goetz affair years before convenient position for slurping up Bernhard Goetz picked up his gun the gravy, is going to make much

cure the safety of the people, or, as about billion-dollar killings in real the U.S. Constitution puts it, to estate, not domestic tranquillity. "insure domestic tranquillity" and "provide for the common defense."

City has failed for years to insure bad, though. Keeps their minds off domestic tranquillity in the sub- tax abatements for new skyscrapways, and it hasn't been much good ers. at insuring it above ground either,

For this reason it is not surprising that many black New Yorkers, The government of New York armed in the streets, making the

It will be said that New York City's government cannot possibly insure the domestic tranquillity. details of this failure ad nauseam. the passions in such an ethnic and

One trouble with New York is that this argument, for which there As the city's underground failure is something to be said, is constant-

The New York subway is a typical case. New York chest-thumpers are awfully good at bellowing "greatest city in the world," but mighty quiet when asked why it It was easy after awhile to go subway system as great cities like from the sane realization that the Paris, London, Toronto and Moscow manage to do.

The answer is that people with power in New York have contempt for subways. Subways aid business by distributing the clerks down to Wall Street and the salespeople In fact, though, government was through midtown in the morning rush hour, then redistributing them homeward at twilight. Except for

A proposal to spend the sums that would now be necessary to make New York's system perhans So the city government's failure half as good as London's would bred public parancia about the bring down upon the proposer the subways, and the city's bo-hum response to the conditions contribut- lieves that a life without a kimou-

and took a ride on the IRT.

One fundamental reason for the effort to insure domestic tranquillity if it means plowing billions into existence of governments is to sesubways. Power in New York is

White people and black people screaming at each other about how The government of New York monstrous it is down there isn't all

New York Times Service

Vietnam, According to Stanley Kubrick

By Francis X. Clines New York Tunes Service

ONDON - The reassuring thing about Stanley Kubrick is that after being deep as Yahweh in the creation of one movie for the last five years, he emerges gentle and curious on the seventh day, asking about beer commercials and envying silent-film mak-ers and recalling the pleasures of Manhattan's old Thalia movie theater_

"Have you seen those Micheloh commercials?" he asks as if they were samizdat, speaking of the 30-second spots that came uninvited with the Giant football game videos that his sister sent the eminent director all last winter from New Jersey. Then, he had no time to spare for watching anything beyond his own work in progress and a weekly fix of foot-ball. They're just boy-girl, night-fun, leading up to pouring the beer, all in 30 seconds, beautifully edited and photographed. Economy of statement is not something

that films are noted for." Sunday morning at Pinewood Studios seems sepulchral in the Studios seems sepulchral in the technical artists, all fiery and empty executive offices, as quiet pocked as Hue, the Vietnamese as Hal's deep-space murder scene in "2001," an awful setting to encounter one of a kind. But Kubrick arrives rumpled and lone as the night watchman, offers a simple hello, accepts the fact that he cannot direct the phone to work properly, and settles down to discuss movies and imagination and his own new work.

"It starts with being excited by a story and finally it's telling the five years ago amid what is the story on the screen," he says, speaking of the process of directing. "It goes from the most wonderful literary atmosphere to desperation. It can be as crude as standing up and writing on the back of an envelope when some-ten glancing down, like a man one's just said something and it's reciting the confiteor or handi-4 o'clock with the winter sun fading. You've got to shoot it and you're trying to exploit something that's just come up. It's like a quarterback calling an automatic play when he sees the defense he's

His new movie, "Full Metal Jacker," a story hinged on the trauma of the Tet offensive in the Vietnam War, is completed and opens in New York on Friday. sound on the sound traci Beckton, an old 1930s-gasworks you're remixing the film."



Matthew Modine as Private Joker in "Full Metal Jacket," new film by Stanley Kubrick (right): "That first impression is the most precious thing you've got."

town abandoned on the Thames, has been destroyed by Kubrick's city of the movie's climax.

The movie is literally only hours old in Kubrick's finished, perfectionist version, and far from talking 1980s box office or 1960s jabberwocky about his personal agony through the nation's Vietnam experience, Kubrick is describing being true to the initial emotion that struck him when be first found this story. That was hardest part of directing, he says, searching for a good tale that sustains the imagination.

Staring carefully as a question is asked, Kubrick speaks with his right hand rubbing his brow, ofcapping the next race.

That first impression is the

most precious thing you've got, you can never have it again — the yardstick for any judgment that you have as you get deeper and deeper into the work because making a movie is a process of going into smaller and smaller detail and finally winding up in the minutiae of how does a footstep sound on the sound track when

No, he had no craving to make a signature movie about that war, he says. He was reading the Virginia Kirkus Review, as he usualydoes, looking for stirring fiction about something, anything that might promise a stunning transla-tion to film and he came upon a novel, "The Short-Timers." He read a copy.

"I reread it almost immediately and I thought, This is very exciting, I better think about it for a few days.' But it was immediately apparent that it was a unique, absolutely wonderful book," he says about the novel, written by Gustav Hasford, a former Marine combat correspondent whose of-fering resembles a memoir of the pellucid and the ravaged as much as the naked and the dead. The screenplay is by Kubrick, Has-ford and Michael Herr, author of "Dispatches," a memoir of the

"Full Metal Jacket" is a reference in military bureaucratese to the rifle cartridge that is the field ammunition of the basic Marine Corps fighter-killer. The movie is blue with death and madness but also characteristically balletic at times with Kubrick's forensic eye. particularly in the initial boot camp scenes where men are

REAL ESTATE

FOR SALE

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Switzerland

For Foreigners

shaved raw for war. The chorustype character. Private Joker. played by Matthew Modine, traverses the war diagonally, encompassing the propaganda mill of the combat correspondents and the sudden, all-hands combat duty of the Tet offensive by the North Vietnamese. This is an event that shreds the jingoistic romance of the war and makes an

unlikely killer of Joker. Kubrick works hermitlike for years on a picture, searching out a story, writing a script, producing and directing all the way down to, lately, the search for good foreign writers, actors and directors who might not spoil the work for him in the four main movie dubbing markets. His choice of subject matter for a new film is enough to fascinate buffs who have bounded with him across 30 edectic years from "Paths of Glory" to "Spartacus," from "Lolita" to "Dr. Strangelove," from "2001: A Space Odyssey" to "A Clockwork Orange," from "Barry Lyndon" to "The Shining."

"I'm happy with the picture," he says in this period of pause when he will catch up on 18 months of missed movies, good and bad, and read as ever with the

My films have all had varying critical opinion and it's always been subsequent critical reaction that settles the scores."

At 58, Kubrick has been involved in making movies for 35 years, a physician's son who became a relative adventurer from the Bronz, dropping from formal education to become a photographer for Look magazine, then moving to motion pictures where he has mastered the basic phases. from writing to financing and reigns as a bookish autodidact of impredictable curiosities. He dislikes Los Angeles, feels New York is technically limited for filmmak-ing and so finds London the place to work and raise his family in satisfying privacy.

"Just keep at it," he says of his work habit of plunging into the making of each film, analyzing each approaching day's move well into the night before, much like the masters of Kubrick's beloved avocation, chess. "Chess is an analogy — it is a series of steps that you take one at a time and it's balancing resources against the and in movies is time and moncy," he says.

Kubrick talks of movies not as Ahah stalks the whale but as a physicist might toss and catch Newton's apple.

"I have a feeling that no one has yet really found the way to tell a story to utilize the greatest po-tential that films have," he says. "I think the silent movies come closest to it because they weren't trapped in having to present a scene which was essentially a stage type of some; movies con-sist of little play somes." He sounds gentle toned, as if he were not discussing the heart of his

As he talks, Kubrick suddenly puts his envy of the silents on a track parallel with his curiosity about the 30-second Michelob spots. "The best TV commercials create a tremendously vivid sense of a mood, of a complex presenta-

"Some combination of the two might work," Kubrick says, braiding a fantasy that seems to twirl somewhere within, "I have a feeling that no one has begun to hope of finding another story. do what a movie could really do."

PEOPLE

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naco nier,

nne, star

George Abbott in Form At His Own Centenary

"One hundred seems to be a very lucky number," said George Ab-bott. "One of the great things is that everybody loves you." The entire theater world seemed to be expressing love for Abbott at a gala 100thbirthday party for the producerdirector-writer-actor in New York's Palace Theater. The celebration brought together dozens of theater people who have worked with Abbott, a handful of family members, and 1,600 guests. Accolades were offered by many alumni of George Abbott shows, including Helen Hayes, whose performance in Abbott's "Coquette" 60 years ago was a career milestone; Harold Prince, whose career began as Ababott's office boy 39 years ago; Garson Kanin, the writer and director who was Abbott's assistant director in the mid-1930s; Jerome Robbins, who co-directed "Pajama Game" with Abbott 35 years ago; the lyricists Betty Counden and Adolph Green, and Donald Saddler, a choreographer and long time collaborator, who is doing the musical staging for a revival of Abbott's 1926 melodrama, "Broadway." Earlier, at his office, Abbott allowed that the theater had changed considerably since he made his Broadway acting debut in 1913. Every hit in New York now is a produce shows for \$15,000, which meant there were a lot more suc-

Prince Watid bis Soad, a nephew of King Fahd of Sandi Arabia, was fined £280 pounds (\$448) by a court in London after pleading guilty to being in possession of co-caine and cannabia. He was arrested near Oxford in May when the police found the drugs after the prince's car was in an accident.

The new Earl of Wharnchiffe is planning to visit the family seat in northern England this summer during a vacation from his job as a Maine construction foreman, American-born Richard Wortley, 34, upon learning of the former earl's death, suggested he might de-cline the title. But he has since learned that he is the earl whether he likes it or not. "It is not a matter of accepting it or not. It's a matter of declining it if I didn't want to have anything to do with it. I'd hate to break the tradition," he said.

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